

City and County of Denver, Colorado

TAX GUIDE

Topic No. 23

ENTERTAINMENT SERVICES

The Denver Revised Municipal Code (DRMC) imposes sales/use tax on the sale or purchase of entertainment services wherein the relay or transmission of electromagnetic waves is necessary for the entertainment service to be received. Entertainment services including, but not limited to: digital products, including digital images, digital audio-visual works, and digital audio works; internet subscription services, including software programs, systems, data and applications available online; sound system services; and television services.

Entertainment services wherein the relay or transmission of electromagnetic waves are not necessary for the entertainment services to be received are not subject to Denver's sales/use tax. Non-taxable entertainment services include admissions to live entertainment, such as concerts and plays, and movie theaters.

EXAMPLES

1. A cable TV subscriber has the basic service, one movie channel service and three pay-per-view charges for two movies and one boxing match on her monthly bill. All of these charges are taxable. A neighbor subscribes to a new company that transmits the same services from Lookout Mountain. This subscriber receives the broadcasts via a small dish antenna supplied by the company. These charges are also taxable. An installation charge, if separately stated on the invoice, is not subject to the tax.
2. A retail store in Denver is charged a monthly fee by its corporate office for a sound system throughout the store. The system broadcasts background music, trivia, and various promotional messages throughout the day. In order to provide the service, the store installed the needed equipment, wiring, and speakers. The monthly fee is a taxable entertainment service. Sales or use tax is due on the equipment installed in the store as the purchase of tangible personal property.

NOTE: In each example, the provider of the service is liable for sales or use tax on the equipment used to provide the service, whether or not the service is taxable, if the equipment charge is not separately stated and taxed to the customer.

* DRMC Sections 53-24(11),(14),(32),(39). Definitions.

* DRMC Sections 53-25(1),(6). Imposition of tax.

* DRMC Sections 53-95(12),(17),(36),(44). Definitions.

* DRMC Sections 53-96(1),(5). Imposition of tax.

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT DENVER TAX LAW FOR THIS INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE DRMC AND APPLICABLE RULES AND REGULATIONS.

07/2017