

City and County of Denver, Colorado

TAX GUIDE

Topic No. 80

TRAVEL AGENTS

Travel agencies provide a service and, as such, generally do not sell tangible personal property at retail. In general, travel agents place and confirm reservations for lodging, airlines, car rentals, and tour packages. They may also issue airline and Amtrak tickets. Travel agents derive their income through fees (commissions) for providing this service.

Travel agencies may subscribe to a service that provides continuously updated information regarding the availability status of a hotel, flight, rental car, etc. The purchase of this service is not subject to tax as it is a purchase of two-way communication. It is not a purchase of existing information from a data base. If this service includes the lease or rental of tangible personal property however, such property is subject to sales or use tax.

Travel agencies are subject to sales or use tax on purchases of tangible personal property used or consumed in rendering their service, including items given away to customers, such as maps, brochures, and catalogs.

EXAMPLE

ABC Travel, a Denver travel agency, issues an airline ticket to Dorothy for her quarterly trip to Las Vegas. ABC prints the airline ticket after reserving Dorothy's flight. ABC is required to pay sales or use tax on the purchase of the tangible personal property used or consumed to provide this service (e.g., paper, printing equipment).

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

* DRMC Section 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.