City and County of Denver

Introduction to Denver Taxes for the Hospitality Industry
Disclaimer regarding Tax Rates

The tax rates used during this presentation were valid and correct at the time of recording. Rates may have changed since recording, please visit

www.denvergov.org/treasury

for Denver’s tax rates and

www.colorado.gov/tax

for current state wide tax rates.
Lodger’s Tax

Tax is due on the amount charged for a room or for sleeping accommodations to a person who is not a permanent resident.

Includes Hotel, Motel, Lodging House, Guest House, B & B, Time Share, Short-term Rental, etc…
Lodger’s Tax

Separate Lodger’s Tax Return

Due by 20th of the month following the month of transaction.

www.denvergov.org/treasury
<table>
<thead>
<tr>
<th>Description</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colorado Convention Center (Bond payments)</td>
<td>4.75%</td>
</tr>
<tr>
<td>General Fund</td>
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</tr>
<tr>
<td>Convention Marketing and Tourism Promotion Project</td>
<td>1.00%</td>
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</tbody>
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Denver Lodger’s Tax Rate: 10.75%
Lodger’s Tax 50 or more rooms

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</tr>
<tr>
<td>Tourism Improvement District</td>
<td>1.00%</td>
</tr>
<tr>
<td><strong>Denver Lodgers Tax Rate</strong></td>
<td><strong>11.75%</strong></td>
</tr>
</tbody>
</table>

*As of 1/1/2018*
Taxable vs. Nontaxable Charges

• Mandatory fees, including pet fees, are **taxable**
• Mandatory cancellation charges, if guest retains right to use the room, are **taxable**
• Damage deposits are **not taxable** even if retained
Lodger’s Tax

Exemption Types

• Stay of 30+ consecutive days
• Government
• Charitable
Lodger’s Tax

Exemptions: 30 or More Consecutive Days

• The stay becomes exempt from lodger’s tax on the 30th day
• Based on actual occupancy or written agreement to pay for and occupy room
Exemptions: Government

• Exempt only when purchased in a governmental capacity

• Government includes departments, institutions, and political subdivisions of the United States and State of Colorado government
Exemptions: Charitable Organization

• The definition of a charitable organization changed as of July 1, 2017

• The new definition is more broad

• Charitable organizations **must** have a **Letter of Exemption** from Denver
Exemptions: (Governmental and Charitable)

Documentation to be retained on file by hotel:

- Proof of exemption – varies by the type of organization
- Completed “Claim for Exemption for Sales, Use, and Lodger’s Tax” form
- Completed “Affidavit of Exempt Sale” form for proof of payment with exempt funds

www.denvergov.org/treasury
Exemptions: (Governmental and Charitable)

Must meet **ALL 3** of the following requirements:

- Part of regular governmental or charitable activities
- Payment made directly with funds of exempt entity
- No reimbursement of any kind to exempt entity

(Claim for Exemption form)

www.denvergov.org/treasury
Affidavit of Exempt Event for Denver’s Sales, Use or Lodger’s Tax

Affidavit of Exempt Event

This form is used by Denver exempt organizations to claim exemption from Denver sales, use or lodger’s tax for an event held at a Denver hotel, motel or other event venue. The vendor (hotel, motel or restaurant) is required to maintain a completed form for each tax-exempt sale pertaining to the stated event.

Furnish this form to the seller. Retain this completed form for your records. DO NOT RETURN TO THE DENVER TREASURY DIVISION UNLESS REQUESTED.

<table>
<thead>
<tr>
<th>Organization/Agency Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal Name of Organization or Agency</td>
</tr>
<tr>
<td>Authorized Representative</td>
</tr>
<tr>
<td>Address</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Event Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name of Event</td>
</tr>
<tr>
<td>Description of Event</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exemption Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basis of Exemption</td>
</tr>
</tbody>
</table>

ALL OF THE STATEMENTS BELOW MUST BE TRUE FOR THE PURCHASE TO QUALIFY FOR TAX EXEMPTION

Indicate if all of the following statements are true for this event:

- The purchase is included under, and is part of, the regular charitable functions and activities of the organization, or is purchased in a governmental capacity.
- The transaction is billed directly to the organization and payment is made directly from organization funds. (Purchases of food or lodging by individuals do not qualify for the exemption even though the individual will be reimbursed by the organization or government.)
- The participants at the event have not and will not reimburse the organization in any way for the event such as by purchase of a ticket, payment of a registration fee, or by making an involuntary contribution.

*please note, fund raising events are taxable when the attendees have paid to attend
Lodger’s Tax

Exemptions: (Governmental and Charitable)

Proof of Payment Documentation:

• Check – photocopy
• Cash – with a Purchase Order (PO)
• Wire Transfer document
• Credit card – details as required in Affidavit (no photocopies of actual card)

www.denvergov.org/treasury
Affidavit of Exempt Sale

Standard Municipal Home Rule Affidavit of Exempt Sale

This form is provided by home rule municipalities within the State of Colorado to record supporting information for any transaction on which an exemption from tax is claimed. The form is maintained by the seller for tax-exempt sales.

Furnish this form to the seller. Do not return this form to the taxing jurisdiction.

<table>
<thead>
<tr>
<th>Purchase Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Purchase for resale - or - ☐ Purchase for wholesale (Qualifications may vary by jurisdiction – see instructions)</td>
</tr>
<tr>
<td>☐ State license number (not FEIN number): ________________________________</td>
</tr>
<tr>
<td>☐ Local license number (if applicable): ________________________________</td>
</tr>
<tr>
<td>☐ I affirm items purchased are for resale/wholesale in the ordinary course of business. Initial __________________</td>
</tr>
</tbody>
</table>

| ☐ Purchase by charitable organization (Exemptions may vary by jurisdiction) |
| ☐ State tax-exempt number (not FEIN number): ________________________________ |
| ☐ Local tax-exempt number (if applicable): ________________________________ |
| ☐ Payment information (required to meet one of the following): |
| ☐ Paid by cash and accompanied by a purchase order from the organization |
| ☐ Paid by check drawn on funds of the exempt organization |
| ☐ Paid by purchasing card bearing information of the exempt organization |
| ☐ The embossed name of the card is: ________________________________ |
| ☐ Paid by commercial card not a personal credit card - card’s last four digits: ________________________________ |

| ☐ Purchase for federal, state, or local government |
| ☐ Credit card number (first six and last four only): ________________________________ |
| ☐ Federal government (payment information – required to meet one of the following): |
| ☐ GSA SmartPay3 card – fleet card with picture of a road |
| ☐ GSA SmartPay3 card – purchase card with picture of an eagle |
| ☐ GSA SmartPay3 card – travel card with picture of an airplane |
| ☐ GSA SmartPay3 card – tax advantage card with picture of a hotel and car |
| ☐ GSA SmartPay3 card – integrated card with picture of a globe |

| ☐ State and local government (payment information – required to meet one of the following): |
| ☐ Paid by cash and accompanied by purchase order issued by the government agency |
| ☐ Paid by check issued by and drawn on funds from the government agency |
| ☐ Paid by government purchase card as designated on the card |
| ☐ State tax-exempt number printed on the card (Colorado only): ________________________________ |
| ☐ Check if the card states “for official state use only” or “tax exempt” |

| ☐ Purchase for foreign and diplomatic exemptions (required to meet the following): |
| ☐ Purchaser presents a state department issued card with the name/photo of the bearer on the card |
| ☐ If presented with this card, documentation of form of payment is not required (excluding mission card). |

| ☐ Other qualified exemption |
| ☐ Nature of exemption: ________________________________ |
| Exempt number: ________________________________ |

Purchaser Information
Credit Cards from Government Organizations

STATE OF COLORADO CREDIT CARDS
The State of Colorado uses three different categories of credit cards. Procurement Cards. Procurement cards display the words “State of Colorado” and “For Official Use Only”. These cards show the agency’s tax exemption number that begins with “98”, followed by five digits. Purchases made on these cards are directly billed to the State agency, so are exempt from Denver tax.

US Bank VISA Event Cards. Event cards are primarily used for meetings. These cards display the words “Tax Exempt” followed by the agency’s tax exemption number (“98” followed by five digits) and the employee’s name. These cards are billed directly to the State agency so purchases made using these cards are exempt from Denver tax.

Travel Cards. Travel cards display only the words “State of Colorado” and the employee’s name; there is no tax exemption number. Purchases made on these cards are billed to the individual, so are not exempt from Denver tax.

COLORADO LOCAL GOVERNMENT CREDIT CARDS
Some local governments in Colorado issue credit cards in both the government employee and agency’s name.

Purchase cards display the name of the government entity and the words “Purchasing Card.” Purchase cards are billed directly to the government entity, so purchases made using these cards are exempt from Denver tax. All other local government credit cards are billed to individuals, so are not exempt from Denver tax.
Credit Cards from Government Organizations

Examples of the types of Federal GSA Credit Cards (pictures only)
Exemptions: Miscellaneous

If adequate documentation is not provided, the hotel must charge the tax and advise the guest that they may file a Claim for Refund with Denver.

Claim for Refund form is available for download at www.denvergov.org/treasury.

File online through Denver’s eBiz Tax Center at www.denvergov.org/ebiztax.
Exemptions: Miscellaneous

Denver does not have any Direct Pay accounts

If exemption from tax is in question call the City to confirm exemptions:

• Taxpayer Service – 720-913-9400
Sales Tax

Non-food

4.31%

Examples of taxable items:

- AV Equipment
- Roll-away beds
- Conference phones
- Videos
- Pay-Per-View
- Video games & equip.

- Gift shop sales (including chewing gum)
- Copies
- Incoming faxes
- Laundry detergent
- Centerpieces
Telephone charges:

Local and *intra*-state charges billed to the guest are subject to sales tax.

A hotel may take a deduction on its sales tax return for sales tax paid to its telecom provider on items re-billed to guests.
Sales Tax

Food & Beverages 4.0%

Examples of taxable items:

- Restaurant or room service
- In-room stock
- Mandatory service charges and mandatory gratuity
- Gift shop candy etc.
- Charges by caterers for food, service and delivery
- Vending machines and drinks by the glass (tax may be included)
Examples of **non-taxable** items:

- Meeting room rental
- Laundry/valet services
- Parking charges
- Outgoing faxes
- Postage stamps
Sales Tax

Food & Beverages 4.0%

The only non-taxable food & beverage item is non-carbonated, unflavored water
Fund raising activities and events may be taxable
(See Tax Topic Guide #36, “Fund Raising”)
The following section relates to purchases made by hotels, restaurants, etc.

Use tax is due on non-resale purchases if sufficient sales tax is not paid at the time of purchase. This is self-calculated and directly remitted by the hotel.
Use Tax

Non-food 4.31% Taxable Items/Expenses

EXAMPLES:

- Room supplies (e.g. soap, shampoo, toilet paper, shower caps, etc.)
- Linens (except if exclusively for renting to guests)
- Furniture, fixtures, equipment (except equipment exclusively for renting to guests e.g. roll away bed)
- Cutlery and crockery (non-disposable)
- All electricity and gas charges
- Newspapers provided free of charge
Use Tax

Non-Taxable Items/Expenses

- Items purchased for direct resale
- Food/beverages sold through hotel bars, restaurants and the accompanying to go containers, napkins, disposable utensils, etc.

(If your hotel provides a free breakfast and does not directly charge for food service, then the items listed above are taxable)
Use Tax

Food & Beverage 4.0% Taxable Items/Expenses

- Free employee meals (at cost)
- Free guest meals (at cost)
- Complementary food in rooms, front desk candy, free coffee in lobby, pillow chocolates
- Office coffee

Non-Taxable Items/Expenses

- Food purchased for direct resale
- Non-Carbonated, non-flavored water
Hotel is responsible to withhold $5.75 from employees earning at least $500 per month. Business is responsible to match $4.00 per taxable employee and to report any owners, partners, etc. Earnings include tips
Conclusion

THIS CONCLUDES OUR PRESENTATION ON HOSPITALITY

CONTINUE YOUR DENVER TAX EDUCATION BY VIEWING OUR OTHER TAX TUTORIALS