



## State Travel Management Program

*"Working Together To Serve Colorado"*



### Lodging Guidance

**QUESTION:** Oftentimes when we make hotel reservations and tell them we need the government rate it is not clear whether the invoice showing the rate includes taxes or not. Therefore, if it is not clear that taxes are shown on the invoice, should we ask them to redo the invoice showing the taxes broken out?

**ANSWER:** *First, yes. Ask them if there is a way to break it out to show taxes because Revenue will want to see it broken out for documentation purposes.*

*A couple of important things to keep in mind:*

- 1) Government rate, when dealing with lodging, does not necessarily mean the lowest rate. The Government rate is the MOST the Federal government is willing to pay. It is actually a cap on the price. However, hotels call surrounding hotels daily to get competitive rates and will adjust their rates accordingly. Ask for their BEST rate (AAA, Senior, special). It might be the government rate.*
- 2) A misunderstanding many employees have is that we are tax exempt from every tax. We are not. We are tax exempt from Colorado State tax and City and County of Denver tax. We are not exempt from other city and local taxes (Pueblo, Ft. Collins, etc) and we are only exempt if we are using the P-card or the Central (Event) travel card. (See: City Tax Guide located on the STMP Tax Exempt Guide page).*
- 3) If a vendor disagrees with the employee on being tax exempt, the Department of Revenue favors the vendor's right to collect tax. Ultimately, the vendor is responsible for the collection of sales tax and Revenue will hold them accountable if they do not collect taxes when they should. The employee can politely try to make their case with the vendor, but they should not spend too much time on it and they should not "bully" a vendor into providing them tax exemption. Employees should document the situation and include it with their receipts.*
- 4) FYI Sales 63: Government Purchases Exemptions has been updated to reflect the new Citi cards. This may be helpful to share with Lodging establishments.*