



COLORADO
Department of Revenue

Taxation Division

Physical Address:
Office of Tax Policy Analysis
1375 Sherman Street, Room 607
Denver, CO 80203

Mailing Address:
Office of Tax Policy Analysis, Room 607
P.O. Box 17087
Denver, CO 80217-0087

GIL 19-001

April 8, 2019

XXXXXXXXXXXXXXXX
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Re: Sales Tax on Rental of Entire Single Family Home

Dear XXXXXXXX,

You submitted a request for guidance regarding the applicability of sales tax to rentals of an entire single family home.

The Colorado Department of Revenue (“Department”) issues general information letters and private letter rulings. A general information letter provides a general overview of the relevant tax issues, but is not binding on the Department. A private letter ruling provides a specific determination for a specific set of facts, is binding on the Department but not on the taxpayer, and requires payment of a fee. For more information about general information letters and private letter rulings, please see Department Rule 1 CCR 201-1, 24-35-103.5.

The Department treats your inquiry as a request for a general information letter. It is important to remember that general information letters, such as this one, are general discussions of tax law and are not binding on the Department. If you would like the Department to issue a private letter ruling on the issue raised here, you may submit a request and pay the fee in compliance with Department Rule 1 CCR 201-1, 24-35-103.5.

Issue

Does sales tax apply to charges for the rental of an entire single family home?

Discussion

Colorado imposes sales¹ tax on the charge for furnishing “rooms or accommodations” in a “hotel, apartment hotel, lodging house, motor hotel, guesthouse, guest ranch, trailer coach, mobile home, auto camp or trailer court and park”.²

The phrases “lodging house” and “guesthouse” include private residences. Although it may be common that a guest rents only one room in a lodging house or guest house, the imposition of tax is not limited to the rental of a single room. A person who rents two, three, or all the rooms in a lodging or guesthouse (e.g., a wedding or family vacation) is renting “any room” in these accommodations.

Moreover, guests of a guesthouse, much like guests in a hotel, typically have the right to use not only the sleeping accommodations but also the other parts of the house, such as the kitchen, common rooms, garage, patio, and pool. Thus, the fact that a person has rented the right to use all parts of the house does not alter the fact that the person has engaged in the taxable transaction of renting a “room”. There is also no statutory requirement that the right to use other parts of the house be limited to shared access. For example, a guest of a guesthouse may have exclusive use of the home.

Finally, it is important to note that interpretations of statutory terms will evolve to conform to current terminology. See, e.g., *AT & T Communications of the Mountain States v. Alan Charnes, et al*, 778 P.2d 677 (Colo. 1989) (holding that the application of tax to the general category of telephone service is not limited to the statutory terms and modes for furnishing such service when the statute was enacted but, rather, is broadly applied to the modes of service as they evolve over time); see generally, *2B Sutherland Statutory Construction* § 49.2 (7th ed.). Although the term “guesthouse” and “lodging house” may have fallen into disuse, the essential concept of levying tax on the charge for living accommodations in a private residence is still applicable.

For these reasons, sales tax applies to charges for rooms in private, single-family home, regardless of whether the right to use includes the entire house.

Miscellaneous

This letter represents the good faith opinion of Department personnel who are knowledgeable on state taxes issues. However, the Department does not make a specific determination on any of the issues raised and the Department is not bound by this general information letter.

The Department administers state and state-administered local sales and use taxes. This letter does not address sales and use taxes administered by self-collected home-rule cities and home-rule counties. You may wish to consult with those local governments that administer their own sales or use taxes about the applicability of those taxes. Visit our web site at www.colorado.gov/tax for more information about state and local sales taxes.

Sincerely,

Colorado Department of Revenue
Office of Tax Policy & Analysis

¹ §39-26-104(1)(f), C.R.S. There are several sales taxes that apply to charges for furnishing rooms and accommodations: state, city, county, special districts, county lodging tax, and local marketing district tax. See, Department form DRP 1002 for a complete list. Moreover, this GIL is limited to the narrow question raised in your request and does not address other taxability or licensing issues.

² §39-26-102(11), C.R.S.