



Sales 11

Sales Taxes Due on Unit Rentals of Hotels, Motels, Bed-and-Breakfasts, Condominiums, and Time-Shares

GENERAL INFORMATION

This FYI contains sales tax information for owners and managers of units rented for less than 30 consecutive days. This includes hotels, motels, bed-and-breakfast inns, condominiums, campsites, and time shares of any lodging unit. If you own short-term lodging units, any rental of a unit for less than 30 consecutive days is taxable and you are required to collect and remit sales tax. [§39-26-104 (1) (f) and 39-26-102 (11), C.R.S.]

If a lodging owner or a management company rents rooms to an out-of-state travel agency, sales tax is due from the local owner or manager even if the out-of-state travel agency re-rents some or all of the rooms to the user or to another travel agency.

The 30-day rental rule applies to any customer who pays for the room, as long as the customer is not a broker or travel agent who is reimbursed by the occupant. **Example:** If a company rents a room for 30 consecutive days, but four different people from that company stay in the room, each at different times within the 30 days, the room charges are non-taxable because one entity rented the room. The Department of Revenue policy is not to restrict the 30-day rental to an individual or the same room, but to 30 consecutive days of paid use by any single payor or customer.

To determine the most current and applicable tax rates see publication Colorado Sales/Use Tax Rates (DR 1002). This publication is located at www.TaxColorado.com under "Forms", or visit www.Colorado.gov/RevenueOnline and view "Local Sales Tax Rates."

PROPERTY MANAGEMENT COMPANIES

Property Management Companies, those companies that typically manage property that is owned by another party or entity, are required to obtain a sales tax license for each taxing jurisdiction combination in which they manage rental properties. A license is required for each combination of county, municipal and special district taxes. **For example,** a property management company is managing several properties in Eagle County. There is a metropolitan district in a portion of unincorporated Eagle County. The property management company must obtain a license for property located within the metropolitan district in unincorporated Eagle County and another license for any property located within unincorporated Eagle County but outside the metropolitan district.

In the above example, if the property management company has two properties in unincorporated Eagle County that are located within the metropolitan district, those two properties will be on one sales tax license. The other sales tax license is for one property located within unincorporated Eagle County but outside the metropolitan district.

APPLICATION

A CR 0100 (Sales Tax/Withholding Account Application) must be completed for each taxing jurisdiction. In the example provided above where there are two properties in one taxing jurisdiction, one property address within the jurisdiction is entered as the location address and the property management company address is entered as the mailing address. The sales tax license fee must be included with each application.

WHAT TAXES ARE DUE?

Colorado state sales tax is always due on taxable rentals. Applicable special district taxes, county lodging and local marketing district taxes, all state-collected local and county sales taxes are also due on the rental price. Accommodations provided at no charge (e.g. "comped") are not subject to sales or use tax.

Home-rule cities that collect and administer their own taxes may treat items differently than the State of Colorado. You must contact a home-rule city directly for its policies. Lists of local sales tax rates, along with tax office phone numbers for self-collected areas and home-rule jurisdictions, are contained in Colorado Sales/Use Tax Rates (DR 1002). For more information on the applicability of local sales taxes, see publication FYI Sales 62, Guidelines For Determining When To Collect State-Collected Local Sales Tax.

HOW IS THE TAX REMITTED?

You must apply for a sales tax license by completing a Sales Tax/Withholding Account Application (CR 0100). The DR 0100, Sales Tax Return may be filed online at www.Colorado.gov/RevenueOnline. The DR 1485 County Lodging Tax Return or DR 1490 Local Marketing District Tax Return will be sent to you by the department at the appropriate intervals. However, failure to receive these tax return forms does not relieve you of your responsibility to pay the taxes. If you do not receive a form, you can download it from the Web site at www.TaxColorado.com

Remit the sales taxes you collected to the Department of Revenue and file the Sales Tax Return (DR 0100) on a quarterly basis if the collected sales tax is under \$300 monthly, or on a monthly basis if the collected sales tax is \$300 or more each a month. This return is due the 20th of the month following the tax period for which you are filing.

LOCAL MARKETING DISTRICT TAX

What is a Local Marketing District Tax?

A local marketing district tax is a tax on lodging services leased or rented for less than 30 days. This includes hotels, motels, condominiums and camping spaces, and in some areas houses, guest ranches and mobile homes. View "Local Sales Tax Rates" at www.Colorado.gov/RevenueOnline or see publication Colorado Sales/Use Tax Rates (DR 1002) for applicable local marketing district tax rates and locations where this tax applies.

Who pays the Local Marketing District Tax?

Lodging owners or their management companies are liable for the local marketing district tax on all receipts from lodging when the stay was less than 30 consecutive days.

The local marketing district tax is not required to be collected on lodging rentals of 30 consecutive days or more.

How is the tax remitted?

The tax is remitted on the Local Marketing District Tax Return (DR 1490) with the same filing frequency and due date as the Colorado Retail Sales Tax Return (DR 0100). For example, if the DR 0100 is filed monthly, the DR 1490 will also be filed monthly and due the 20th day of the month following the filing period.

COUNTY LODGING TAX

What is the County Lodging Tax?

The county lodging tax is a tax levied only in certain counties within Colorado and is applied specifically to lodging services, such as hotels, motels, condominiums, space rentals, camping facilities and services, auto camps and trailer parks. If one of these types of businesses rents rooms and accommodations for less than 30 days, a county lodging tax is charged to the customer. Rooms and accommodations occupied for a period of 30 or more consecutive days are exempt from county lodging tax. [§39-26-704.3, C.R.S.].

Who pays the County Lodging Tax?

Lodging owners or their management companies are liable for the county lodging tax on all receipts from lodging when the stay was less than 30 consecutive days.

If a municipal area collects its own city lodging tax, county lodging tax is not collected in that municipality..

County lodging tax rates vary depending upon the county where this tax is applicable. View "Local Sales Tax Rates" at www.Colorado.gov/RevenueOnline or see publication Colorado Sales/Use Tax Rates (DR 1002) to locate the most current county lodging tax rates and counties where the tax applies.

How is the tax remitted?

The county lodging tax is remitted quarterly to the Department of Revenue on the County Lodging Tax Return (DR 1485) [§30-11-107.5, C.R.S.]. This return must be filed by the 25th day of the month following the quarter for which you are filing. For example, the return is due April 25 for the January-March quarter.

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed and/or approved these FYIs.