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## Tax Compliance Guide

### Lodging Industry Topic 310

(03/2020)

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Retailers in the lodging industry engaged in business in Westminster are responsible for the collection and payment of accommodations and sales taxes, and for the payment of sales/use tax. Retailers must report sales and use taxes on monthly City sales/use tax returns, and will receive a separate monthly return to report accommodations tax.

#### Sales of Accommodations (Accommodations Tax)

Westminster accommodations tax is imposed on the purchase price paid by any person or charged by any vendor on the lease, rental or other transaction of furnishing rooms or accommodations to any person who, for a consideration, uses, possesses, or has the right to use or possess, any room or rooms or other accommodations. This includes restaurant lounges, banquet halls, and other meeting rooms offered in a hotel which also offers sleeping rooms and other accommodations. These charges are not subject to Westminster sales tax.

Cancellation charges, forfeited deposits, or similar charges for cancelling a reservation or failing to check-in are subject to accommodations tax unless both of the following conditions apply:

1. The charge is less than the daily room rate; and
2. The purchaser is not entitled to the right to use or possess rooms or accommodations despite having paid the cancellation charge or forfeiting the deposit.

Governments and charitable organizations are exempt from paying accommodations tax provided that the sales are paid directly to the seller by the funds of the organization and the organization is not being reimbursed. Permanent residents, contracting in writing and subsequently paying for accommodations for a period of at least 30 consecutive days are also exempt from accommodations tax.

#### Other Sales (Sales Tax)

The *Westminster Municipal Code* imposes a sales tax upon the purchase price paid for tangible personal property and certain services sold at retail. The sales tax must be shown as a separate and distinct charge. Sales tax may only be included in the price of liquor sold by the drink, the price of items vended through coin operated devices, and the price of the utilization of "coin operated" devices. Sales tax is not imposed upon the purchase price paid for rooms or other accommodations (see

above). Common examples of taxable sales in the lodging industry include, without limitation:

- ❖ **Food, beverages, and liquor** – Including restaurant meals, catering, banquets, room service, and food sold from a gift shop area for guest preparation.
- ❖ **Pay television** – Including pay-per-view movies or satellite use.
- ❖ **Equipment rental** – Including audio/visual equipment, business equipment, etc.
- ❖ **Vending machine sales** – Sales of tangible personal property such as snacks, soft-drinks, and sundries, from vending machines are taxable. The tax may be included in the price of the good and is not required if the price of the item sold is less than \$0.15.
- ❖ **Coin Operated Devices** – Charges for the use of coin operated devices, such as copier or fax machines, laundry machines, pool tables, and amusement devices, are considered a short-term rental of the device. Such rental is subject to tax, which may be included in the price of rental. This tax applies regardless of the method of collection and payment including credit/debit cards, pre-paid cards or vouchers, or collection by an attendant.
- ❖ **Telecommunications Service** – Charges for two-way interactive communications including, but not limited to, voice, image, data, and any other information, by use of any means including, but not limited to wire, cable, fiber optic cable, microwave, radio wave, or any combination of such media are subject to sales tax. Telecommunications service includes all local, intrastate, interstate, and international calls as well as charges for computer network access.

Similar to the accommodations tax, governments and charitable organizations are exempt from paying sales tax provided that the charges are paid directly to the seller by the funds of the organization and the organization is not being reimbursed.

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#### Purchases by Lodging Retailers (Sales/Use Tax)

The *Westminster Municipal Code* imposes a use tax upon the purchase price paid for tangible personal property and certain taxable services used, consumed, stored, or distributed in the City to the extent a sufficient, legally-imposed municipal sales or use tax was not paid at the time of purchase. Special attention should be given to the amount of tax collected, as vendors may be collecting state sales taxes but not City sales tax. Moreover, credit is not allowed for taxes collected and

remitted to another city if the property is delivered or the services are provided in Westminster. Use tax is reported in detail on Schedule B and in summary on line 8 of the periodic City sales/use tax return.

Common examples of property and services subject to sales/use tax in the lodging industry include, but are not limited to:

- ❖ **Complimentary Guest Supplies** – Items furnished for guest rooms such as soap, shampoo, lotion, linens, hair dryers, tissue, and other toiletry and sundry items are subject to City sales/use tax.
- ❖ **Complimentary Meals** – The cost of complimentary meals provided to guests or employees is subject to City sales/use tax.
- ❖ **Furniture & Equipment** – Fixed assets such as furniture for guest rooms, banquet rooms, common areas, and hotel offices, computer hardware and software, fixtures, and equipment, whether purchased, leased, or rented from sources inside or outside the City, is subject to City sales/use tax.
- ❖ **Repair Materials** – The purchase price paid for parts and materials used in repair work (not requiring a City building permit), such as plumbing, landscaping, or other time & materials jobs is subject to City sales/use tax. Installation labor is not subject to tax provided it is separately stated on the invoice.
- ❖ **Other Tangible Personal Property & Taxable Services** – Other supplies including but not limited to office, cleaning and maintenance supplies, subscriptions, uniforms, promotional items, forms, publications, linens, small wares, tools, kitchen utensils, plants and decorations, and other similar items are subject to Westminster sales/use tax.

## Examples

1. Customer A stays at a Westminster hotel for 2 nights at \$100 per night. During the stay, Customer A orders an in-room movie for \$3, a room service meal for \$25, and makes a local phone call for a \$0.50 charge. These charges are all included on Customer A's bill. The hotel must collect and remit Westminster accommodations tax on the \$200 accommodation charge, and Westminster sales tax on the charges for the movie, room service, and phone call.
2. Customer B is an employee of the state of Colorado government. Customer B reserves and pays for a room using their state issued travel card. Customer B explains that they pay the bill for the card and are reimbursed for travel expenses. Because the charge is not being paid directly by the funds of the government, accommodations tax is due on the purchase price of the room.
3. Customer C makes a reservation at a Westminster hotel for an upcoming business trip. The daily rate for the hotel is \$125 plus tax. At the last minute, Customer C calls the hotel and cancels his reservation. The hotel charges a \$50 cancellation fee and sells Customer C room to another guest. The \$50 cancellation fee is not subject to Westminster accommodations tax.
4. Hotel X purchases guest supplies such as shampoo, conditioner, and lotion, from a vendor outside the State. The vendor does not collect Westminster sales tax on these supplies. Hotel X must remit use tax on the purchase price paid for these supplies on line 8 of their next periodic City sales/use tax return.

## Related Topics

Coin Operated Devices  
 Government Purchasing Cards  
 Governments & Charitable Organizations  
 Linen Rental & Service  
 Pay Television Services  
 Restaurants & Bars  
 Telecommunications  
 Tips & Gratuities

## Citations

*Westminster Municipal Code*  
 § 4-1-5. Retailer Responsible for Collection & Payment of Tax  
 § 4-2-3. Rate; Imposition and Collection; Distribution  
 § 4-2-5. Transactions & Items Subject to Tax  
 § 4-2-6. Exemptions from Sales Tax  
 § 4-4-2. Tax on Accommodations; Collection  
 § 4-4-3. Exempt Transactions

THIS GUIDANCE IS A SUMMARY IN LAYMEN'S TERMS OF THE RELEVANT WESTMINSTER TAX LAW FOR THIS TOPIC, INDUSTRY, OR BUSINESS SEGMENT. IT IS PROVIDED FOR THE CONVENIENCE OF TAXPAYERS AND IS NOT BINDING UPON THE CITY. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE WESTMINSTER MUNICIPAL CODE AND APPLICABLE RULES AND REGULATIONS. THIS GUIDE DOES NOT CONSTITUTE A CITY TAX POLICY.

## Contact Us

For additional assistance, please contact us:

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 Westminster, CO 80031

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Administrative offices are open Monday through Thursday from 7:00a.m. to 6:00p.m. (closed Friday).

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 From the Business menu, choose Westminster Taxes