

City of Colorado Springs

Tax Guide

Hotels and Motels

The furnishing of rooms or accommodations for lodging is a service that is subject to city sales tax. The sales or use tax is imposed on the entire purchase price paid by the occupant. Taxable lodging services include the right to use or possess any room in a hotel, inn, bed and breakfast, apartment, motel, guesthouse, guest ranch, trailer coach, mobile home, and so forth, **or** any space in an auto camp, trailer court, campground, recreation vehicle park or similar type of establishment for a period of less than 30 consecutive days.

The City also imposes an additional lodger's tax on lodging services.

Other Taxable Sales

In addition to providing lodging services, a hotel, motel, bed and breakfast, trailer park or other similar business may also sell tangible personal property and other services such as:

- A. Food & Beverages, minibar, vending machines sales
- B. Gift Shop Sales (excluding newspapers)
- C. Banquet Rentals of tangible personal property such as audiovisual equipment, chairs, dance floor, and linens
- D. Add on Fees such as resort fees, pet fees, early check-in, additional person fee, and safe rentals.

Exempt Sales Include

- A. Lodging for a period of at least 30 consecutive days with a written contract.
- B. Charges for telephone, dry cleaning, business center, parking, internet access, and other nontaxable services.
- C. Rental of a banquet room, meeting room or other non-sleeping accommodations. Any tangible personal property supplied as part of the room rental is subject to city tax.

CS CODE SECTION

2.7.104 Words and Phrases:
Lodging Services,
Price or Purchase Price,
2.7.310, 2.7.433,
2.9.103 through 2.9.109

Related Tax Guides

Lodgers and Campground
Rental Tax,
Tips, Gratuities and Service
Charges,
Use Tax

This guide provides an overview of specific subject matter and is not intended to be substituted for the full text within the City of Colorado Springs Tax Code.

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Question? email us at:
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Sales to Exempt Organizations

Taxable sales are exempt when directly sold to governmental entities, or qualified charitable and religious organizations, provided that:

- A. Sales must be made directly to the organization and not to a representative of the organization,
- B. Payment must be made with a check or credit card issued in the name of the exempt organization,
- C. The organization may not be reimbursed for the purchase, such as through registration fees, ticket sales, involuntary contributions.

The exempt organization may be requested to complete a **Standard Municipal Home Rule Affidavit** by the hotel or motel to substantiate the validity of purchase.

Any purchase that is paid for with the individual's own funds, such as cash or personal credit card, is subject to city tax. City tax must be collected even if the exempt organization reimburses the individual.

Cancellation, Guaranteed Room, and No-Show Charges

City sales and lodgers taxes are imposed on the entire price charged on the transaction of furnishing lodging services. If a room rental charge is made to any person or group that has the **right** to use a room, the charge is taxable.

- A. If an individual guarantees a room reservation with a credit card and the individual fails to show up, a hotel will impose one night's lodging charge for reserving the room. The charge for the room is subject to city sales and lodgers taxes.
- B. If a group guarantees the rental of a minimum number of rooms for a function at a hotel, and the group fails to occupy all the guaranteed rooms, the group is required to pay for all rooms whether or not they were used. The guaranteed room charge is taxable.

The only exception to taxing a no-show or guaranteed room charge is if the hotel imposes a cancellation charge that is billed on a flat-rate basis, without regard to a room rental rate, and it is represented as being for recovery of administrative expenses. The hotel will recognize those charges as administrative revenue rather than room revenue.

Use Tax

A hotel, motel, or similar establishment is responsible for paying city sales or use tax on all purchases of tangible personal property and taxable services, not for resale. If city sales tax is paid to a licensed vendor, no use tax is due. If purchases are made without paying city sales tax, the city use tax is due and is paid directly to the City by the purchaser.



Use Tax Continued

Common Examples of Taxable Hotel Purchases

1. All furniture, fixtures, and equipment in guest rooms and throughout the property including bars, restaurants, night clubs, administrative offices, and other facilities.
2. Guest supplies such as soap, toilet tissue, shampoo, coffee, and stationery.
3. Operating supplies such as cleaning supplies, printed materials and office supplies.
4. Items withdrawn from resale inventory for its own use.
5. All complimentary items given away such as free breakfast and coffee.