

Tax and Licensing Division
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Tax Compliance Guide

Lodging Industry

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Retailers in the lodging industry engaged in business in Aurora are responsible for the collection and payment of the city's sales tax and 8.0 percent lodger's tax, and for the payment of sales/use tax on purchases. Retailers have separate filing requirements for sales and use taxes and lodger's taxes. Lodging establishments with more than 75 rooms are also responsible for paying a destination improvement marketing fee of \$2 per room per night with their lodger's tax return.

those fees are separately stated on the invoice to the customer and lodger's tax shall be collected on those fees. Such fees may be the destination marketing fee, online booking fee, or public improvement fee.

Lodger's Tax

Aurora lodger's tax is imposed on the purchase price paid for the use, possession of (or the right to use or possess) rooms or other accommodations. Aurora tax does not apply to the transaction of furnishing rooms or accommodations for meetings or exhibitions.

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

1. The charge is less than the 50% of 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.

Governmental entities and charitable organizations are exempt from paying lodger's tax, provided that organization funds are paid directly to the seller, and the organization is not being reimbursed for the sale. Long-term residents, contracting in writing and subsequently paying for accommodations for a period of at least 30 consecutive days are also exempt from lodger's tax.

If an occupant does not enter into a written agreement up front for a stay of 30 or more days, then tax will apply for the first 29 days. Taxes collected for the first 29 days shall be remitted to the city and not refunded.

The residential exemption of 30 or more consecutive days only applies to natural persons. A business such as an airline that rents rooms cannot be considered a resident if the natural persons staying in the room are themselves not in fact residents for at least 30 consecutive days.

Fees charged to the customer or to the lodging business are considered part of the purchase price for the room whether or not

Marketplace Facilitators

Marketplace facilitators that sell lodging or facilitate the sale of lodging are required to collect the city's lodger's tax. The city's preference is that for licensed hotel facilities, the lodger's tax is provided to the hotel for remittance to the city. The facilitator will then remit a lodger's tax return for the tax collected on the fees charged by the facilitator. Facilitators of marketplaces for short-term rentals of residential properties are to remit those lodger's taxes directly to the city unless the facilitator enters into an agreement with the operator of the short-term rental to ensure the taxes will be remitted to the city. Such agreement will need to ensure the facilitator is licensed and filing lodger's tax returns with the city.

Other Sales (Sales Tax)

The *Aurora 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 for 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 the following, 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 goods, 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 amusement devices, such as arcade machines, are considered taxable recreation services subject to sales tax.
- ❖ **Admissions Tax** – Charges for admission to any place or event in the city which is open to the public are subject to admissions tax.
- ❖ **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.

Similar to the lodger's 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.

Destination Improvement Marketing Fee

The *Aurora Municipal Code* imposes a fee upon lodging businesses with 75 rooms or more. The fee is \$2.00 per room per night. The fee is charged to the hotel; however, the hotel may denote the fee as a separate billing item on the receipt provided to the customer. Even if the fee is billed separately, lodger's tax must be collected on the fee amount.

Rooms that are exempt from lodger's tax as residential stays of at least 30 consecutive days are exempt from the fee. Charitable and governmental purchases of lodging are not exempted from the fee, as the fee is charged to the hotel for purposes of marketing.

Purchases by Lodging Providers (Sales/Use Tax)

The *Aurora 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. It applies 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 Aurora. Use tax is reported with a sales tax return.

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

- ❖ **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 purchases 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 Aurora sales/use tax.

Examples

1. Customer A stays at an Aurora hotel for two 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 Aurora lodger's tax on the \$200 accommodation charge, and Aurora 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, lodger's tax is due on the purchase price of the room.
3. Customer C makes a reservation at an Aurora 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. Since the fee is less than 50% of the room rate, the \$50 cancellation fee is not subject to Aurora lodger's tax.
4. Hotel D is a large hotel of more than 75 rooms. A customer stays at Hotel D for one night. The room rate for the hotel is \$100, the hotel separately bills the destination marketing fee of \$2, and also separately bills for a public improvement fee of \$1. Lodger's tax must be collected on the price of \$103.
5. Customer E agrees to a weekly stay at an Aurora hotel. On day 31 the customer is still residing at the hotel. The hotel shall collect and remit tax for the first 29 days and discontinue tax collection starting on the 30th consecutive day. The record of payment and residency by the guest is proof of a written agreement for residency of at least 30 days.
6. Customer F reserves and pays for a stay at an Aurora hotel for 40 days. The reservation and payment is considered a written agreement for residency, and tax does not need to be collected unless the reservation is modified to be less than 30 consecutive days. In such case, if a refund is provided for the unused days of lodging, then taxes shall be subtracted from the refunded amount. If no refund is provided, then no tax is due.
7. Customer G is an airline company that agrees to rent rooms from an Aurora hotel. Customer G agrees to rent a room for six months for various employees of the airline on layover in town. Since the airline is not a natural person, lodger's tax must be collected for the entire period from Customer G, as there is no

natural person maintaining residency in the rooms for longer than 30 consecutive days.

8. Hotel H provides a complimentary breakfast for guests that have paid for rooms. The items for the breakfast are purchased from a local grocery store that did not charge sales tax on the food items. Since the items are not exempted as food for home consumption, and they are not exempted for resale, the hotel must pay use tax on the purchase price of the items.

Related Topics

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

Citations

Aurora Municipal Code
§ 130-31. Definitions
§ 130-156. Taxable Items
§ 130-157. Items Exempt from Taxation
§ 130-157.5. Short-term on premises rentals of tangible personal property
§ 130-161. Schedule of Taxes
§ 130-161. Sales Tax on Admissions
§ 130-361. Lodger's Tax
§ 130-364. Exemptions (Lodger's Tax)
§ 86-667. Destination marketing improvement fee

Contact Us

For additional assistance, please contact us:

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