



THE CITY OF ASPEN

The City of Aspen, Finance Department

# FAQ # 1 – LODGING TAXES

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## Why does Aspen have a lodging tax and how much is it?

Lodging tax, otherwise known as a visitor benefit tax, was enacted by the City Council for the promotion of tourism and transportation services within the Roaring Fork Valley. A special fund, the City Tourism Promotion Fund, was created and 50% of the monies goes toward transportation while the other 50% goes toward tourism promotion. Funds dedicated to transportation services pay for regional transit services provided by the Roaring Fork Transportation Authority and for local public transportation within the City. Funds dedicated to tourism promotion are appropriated by City Council to a professional marketing entity for advertisement, promotion, etc, which is currently the Aspen Chamber Resort Association.

The tax is imposed on the leasing or renting of rooms or other accommodations in commercial lodging establishments. The person who is renting the accommodations is required to pay the tax and the person from whom the accommodations are rented is required to collect and remit the tax to the City. The lodging tax is 1.0%.

## How often do I need to remit these taxes?

Lodging taxes are reported on your sales tax return. A taxpayer whose monthly tax due to the City is less than ten dollars may file returns and pay sales and lodging tax monthly or annually at the end of each calendar year. A taxpayer whose monthly tax due to the City is ten dollars or more must file returns and pay sales and lodging taxes monthly and continue to file monthly for each month of the remainder of the calendar year.

Every taxpayer is required to file a return, whether or not tax is due, and remit any tax due to the City on or before the twentieth day following the end of the reporting period.

## If an entity is tax exempt, are there any taxes I need to collect from them?

No, if an entity is tax exempt, you do not need to collect sales and lodging taxes. In order for a **governmental** entity to take advantage of the tax exemption, the purchase must be paid directly to the seller by governmental funds, for example, with a credit card in the name of the exempt governmental agency. When using a credit card, verification that the purchase is for governmental purposes and will be paid for by the governmental entity is required. Evidence of this must be retained in the seller's records. A purchase by a government employee using cash or personal check, even if the employee presents a tax exemption number and plans to be reimbursed, is not tax exempt.

If the entity is **charitable or religious**, the federal or state tax exemption number must be presented to the seller. For each sale, the vendor must record this number, date of sale, and name of organization. Keep this record in your permanent files for audit purposes. In addition, in order to be tax exempt, the organization must be conducting regular religious, charitable, scientific, literary, or educational business. For example, a church that has tax exempt status would have to pay applicable sales and lodging taxes to a hotel if church members are on a ski vacation, even if the lodging services were paid with a church check.

**If I rent my house on a short-term basis, for example, through a vacation website or property management company, am I required to collect and remit sales and lodging taxes?**

Yes, if you rent your home on a short-term basis, you are required to collect and remit sales and lodging taxes to the City. A short term rental is defined as any period that is less than 30 days. The total combined sales and lodging tax rate for Aspen is 10.0%; however, the City's portion of that tax is 3.1% which should be remitted directly to the City. The remaining 6.9% should be remitted to the State of Colorado.

**Do I need to do anything else if I rent my home on a short term basis?**

Yes, you need to file a business license/occupation tax return with the City. As you are engaged in business within City limits for the purpose of deriving profit, this constitutes the need for a business license. A business license is required each calendar year. The fee is based on the amount of Aspen employees associated with the business. Generally, as individuals are renting out their homes and acting as their own agent, there are zero employees, and you would be subject to the minimum fee of \$150 (each calendar year).

**You can obtain a business license application from City Hall or on the City's website at:**

<http://www.aspenpitkin.com/Departments/Finance-City-of-Aspen/Business-Sales-Tax-License/>

**My lodging establishment charges a civic assessment/convenience/booking/service fee on each booking. Is that subject to sales and lodging tax?**

Yes, you must collect sales and lodging taxes on such fees. It is considered part of the room charge and is not exempt from taxes.

**Sign up to receive these newsletters electronically! Email your business name, contact name, and email address to**

**Aspen\_sales\_tax@ci.aspen.co.us.**

**If you have any questions about this FAQ, please contact the City of Aspen's Finance Department at  
(970) 920-5029**

**or**

**Aspen\_sales\_tax@ci.aspen.co.us**