

## Tax Compliance Guide

### Accommodations Tax Topic 331

(02/2023)

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The *Westminster Municipal Code* imposes an accommodations tax upon the purchase price paid for the use or possession (or the right to use or possess) rooms or other accommodations. This includes restaurant lounges, banquet halls, and other meeting rooms offered in a hotel which also offers rooms and other accommodations.

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

#### Examples

1. A group affiliated with Church A is attending a conference and reserves rooms at Hotel X. Church A has been certified as a qualifying "charitable organization" by the City. Each of the church members pays for their room individually. Accommodations tax would be due on the purchase price of the rooms.
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 be due on the purchase price of the room.
3. An exempt charitable group holds a fundraiser in a ballroom at a Westminster hotel and sells tickets to attendees. Because the group is being reimbursed for the cost of the rooms, accommodations tax is due on the purchase price of the ballroom.
4. 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's room to another guest. The \$50 cancellation fee is not subject to Westminster accommodations tax.

#### Related Topics

Lodging Industry  
Government Purchasing Cards  
Governments & Charitable Organizations

#### Citations

*Westminster Municipal Code*  
§ 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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