

FYI – For Your Information

Telephone Charges by Hotels/Motels

Hotels and motels that charge their patrons for local and intrastate (within Colorado) long distance telephone calls are obliged to collect state and state-collected local sales tax on the markup and remit the tax to the Colorado Department of Revenue. This tax is in addition to any taxes the hotel/motel remits to the telephone utility for line charges or for administrative local or intrastate long distance phone calls. There is no state sales tax on interstate phone calls.

If you are **not** charging guests for local calls and are only being reimbursed for the cost of intrastate long distance calls, you do not have to report these charges to the Department of Revenue.

LONG DISTANCE CALLS

Intrastate (within Colorado)

All intrastate long distance calls are subject to state sales tax, whether the calls are placed by patrons or staff. The entire amount hotels/motels charge their patrons for intrastate long distance telephone calls (including markup) is subject to the tax. Hotels/motels may take a sales tax deduction based on the tax they pay to the long distance carrier for such calls and remit tax on the remainder to the Department of Revenue. The total amount on which tax was paid to the long distance carrier should be listed on the back of the "Colorado Retail Sales Tax Return" (DR 0100) as an "Other Deduction."

Interstate (outside Colorado)

These calls are **not** subject to state sales tax.

LOCAL CALLS

No sales tax is due to the Department of Revenue if a hotel/motel does not charge its patrons for local calls. However, any charge to the patron is taxable.

Hotels/motels may take a sales tax deduction for monthly line charges. This deduction is limited to the lines dedicated for calls made by customers from their rooms and does **not** include lines used for calls by sales or administrative staff. If telephone lines are dedicated to room use, a tax deduction can be taken for those lines. If it cannot be determined which lines are dedicated or if lines are **not** dedicated to a particular use, the deduction can be determined by applying the following formula:

Divide the number of local calls billed to patrons by the total number of local calls made from the hotel/motel. Then, multiply the result by the total line charges paid to the telephone company for local service.

Either deduction may be taken on the Form DR 0100 as an "Other Deduction."



Colorado Department
of Revenue
Taxpayer Service Division
1375 Sherman St.
Denver, Colorado 80261

Forms and other services:
(303) 238-FAST (3278)
Assistance:
(303) 238-SERV (7378)
www.taxcolorado.com

FURTHER INFORMATION

FYIs and commonly used forms are available on the Web at www.taxcolorado.com

For additional sales tax information visit the "Tax Information Index" at www.taxcolorado.com

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having authority to bind the Department, has not formally reviewed and/or approved these FYIs.