

Custer County Lodging Tax Tips

Short Term Lodging Vendors are responsible for the collection of the **2% County Lodging Tax, which they shall remit to the Colorado Department of Revenue (CDOR)**. From the Motel, Bed & Breakfast and Commercial RV park, to the Condo, Cabin or Vacation Home and everything in between; all taxable rentals of less than 30 consecutive days are subject to the pillow tax in addition to existing sales tax requirements.

The lodging tax is to be filed and remitted quarterly only using the DR1485 form. Monthly remitters will NOT use their existing DR0100 forms, but should receive the pre-printed DR1485 forms in the mail from the Colorado Department of Revenue, (CDOR). All forms are also available online.

Sales which qualify as tax-exempt sales to qualifying tax exempt organizations/government are also exempt from the 2% lodging tax. Care should be taken by the vendor to properly document all tax exempt sales, as it is the vendor who is ultimately responsible for the collection of sales taxes. Likewise, in questionable situations, the vendor should collect the tax and instruct the customer to file a claim for refund form, (form DR0137), with the CDOR.

In addition to documenting the purchasing tax exempt organization's tax id number and other pertinent data you may want to document the basis of the exemption as religious, charitable, or governmental and then establish these three truths:

- 1) That the purchase is included under, and is part of the regular religious or charitable functions and activities of the organization or is purchased in governmental capacity.
- 2) That the transaction is billed directly to the organization and payment is made directly from organization funds. (Purchases of food and lodging by individuals do not qualify for the exemption even though the individual will be reimbursed by the organization or government).
- 3) That the participants at the event have not and will not reimburse the organization in any way for the event such as by purchase of a ticket, payment of a registration fee, or by making an involuntary contribution.

Additionally, cash sales of more than \$100 are always taxable. The bottom line is that purchases made with cash, personal checks or personal credit cards are not tax exempt and vendors need to keep documentation of exempt transactions for audit purposes.