



Tax Compliance Guide

Accommodations Tax

The Lakewood Municipal Code imposes a 3% accommodations tax, in addition to sales tax, upon the purchase price paid for the use or possession (or the right to use or possess) rooms or other accommodations. Cancellation charges, forfeited deposits and similar charges for cancelling a reservation or failing to check-in on time or at all are also subject to accommodations tax.

The accommodations tax does not apply to the rental of restaurant lounges, banquet rooms and other meeting rooms offered in a hotel, provided they cannot be used to provide overnight lodging.

The accommodations tax does not apply to governments and Lakewood-certified charitable organizations that are exempt from the tax provided that: 1) accommodations charges are paid directly to the provider from the funds of the exempt entity and the entity or individual is not being reimbursed; and 2) the person acquiring the accommodation is acting within his/her governmental/charitable capacity. The entity should present a completed *Affidavit of Exempt Sale* form, as well as other supporting documentation (*i.e.*, a Lakewood-issued *Certificate of Exemption*) at the time of the stay. The accommodations provider must keep documentation on file with the receipt. See *Tax Compliance Guide – Tax Exempt Entities*.

The accommodations tax does not apply to residents contracting in writing and subsequently paying for accommodations for a period of at least 30 consecutive days. A written agreement includes a hotel registration or a rent receipt. A canceled check by itself does not qualify as a written agreement.

Sales Tax on Accommodations

The accommodations tax is in addition to, and does not replace or repeal, the sales tax (3%) on hotel/motel rooms. Sales tax shall be applied on all taxable transactions, including room rates, food and

hotel retail purchases (*e.g.*, from a hotel kiosk or gift shop).

Accommodations tax is not subject to sales tax.

Filing of Accommodations Tax Return

Entities providing accommodations will need to have both an accommodations tax account and a sales tax account. Returns must be filed online separately for each account before the twentieth (20th) day of the following month, or other frequency as approved by the Chief Financial Officer. Payments can be made for the combined total of the accounts.

Examples

1. A family stays at a Lakewood hotel while in town for a youth soccer tournament. Accommodations tax and Lakewood sales tax are due on the purchase price of the room.
2. The CEO of a non-profit organization stays at a Lakewood hotel while attending a business-related conference. He presents a completed *Affidavit of Exempt Sale* form and Lakewood-issued *Certificate of Exemption* and pays with a check of the non-profit organization. Accommodations tax and Lakewood sales tax should not be charged.
3. 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. Because the accommodations charges are not being paid directly from the funds of Church A, accommodations tax and Lakewood sales tax would be due on the purchase price of the room.
4. The daughter of a resident of Sunshine Senior Living Facility pays to stay overnight in the guest room of the facility. Because the daughter is not

an exempt entity, accommodations tax and Lakewood sales tax should be assessed on the price of the room.

5. A local business group reserves a dedicated meeting room to conduct presentations and networking activities. Accommodations tax would not apply to the purchase price of the meeting room. However, any food or beverages provided by the hotel would be subject to Lakewood sales or use tax, as would the rental of any equipment.
6. A Lakewood homeowner rents a room in her primary residence as a short-term rental (less than 30 days). The homeowner must have an accommodations tax account and a sales tax account. Sales tax and accommodations tax must be collected from the guests and remitted on a sales/use tax return to the City.
7. Mr. Jones checks into a hotel in Lakewood with the intention to live there until he can earn enough money to pay for rent in an apartment. After 21 days, he notifies the hotel that he will need to stay there an additional 30 days. Because the stay now meets the sales tax exemption for permanent residency with a threshold of "at least thirty consecutive days," the hotel shall adjust the billing receipt to no longer assess Lakewood sales or accommodations tax on any amount charged for the room, accommodations or lodging services. The hotel receipt shall serve as the written agreement necessary to support the exempted transaction.

§ 3.01.420(L) Accommodation or Lodging Payments or Deposit
§ 3.01.430(I) Exemptions; Lodging Services

THIS GUIDANCE IS A SUMMARY IN LAYMEN'S TERMS OF THE RELEVANT LAKEWOOD 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 LAKEWOOD 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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(303) 987-7630

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Footnotes

¹ Per the zoning regulations, short-term rentals are currently not allowed in the City of Lakewood. This does not preclude the City from imposing on and collecting from a homeowner accommodations and sales taxes on the rental.

Related Topics

Business Registration & Licensing
Sales Tax
Tax Exempt Entities

Citations

Lakewood Municipal Code
§ 3.01.230 Definitions
§ 3.03 Hotel/Motel Accommodations Tax
§ 3.01.420(L) Transactions, Services and Tangible Personal Property – Taxability (Sales Tax)
§ 3.01.430(I) Exemptions (Sales Tax)

Regulations