



Residential Short Term Rentals & Third Party Collections

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TOPICS

- ▶ SHORT TERM RENTALS
- ▶ 3rd Party Collection
- ▶ Questions

SHORT TERM RENTALS

- ▶ Short Term Rentals = rental of a shared room, a single room, multiple rooms or and entire property for a period less than 30 days.
- ▶ Denver allows short term rental of primary residence only
 - ▶ (effective 7/1/2016)
- ▶ Requirements:
 - ▶ Must obtain a Tax License for operation
 - ▶ Must obtain a Business License for operation

Business License Requirements

- ▶ You must be a legal resident of the United States.
- ▶ The property must be your primary residence.
- ▶ If you do not own the property, you must obtain written permission from the landlord or owner.
- ▶ Verify that short-term rentals are allowed in your HOA, if applicable.
- ▶ Check with your insurance carrier to ensure that your rental is covered.
- ▶ Additional Licensing Requirements can be found on our Business license page.

Tax License Requirements

- ▶ Lodger's Tax - which includes a license fee
 - ▶ Bi-annual fee of \$50.00
 - ▶ 10.75% tax due on the entire amount charged for lodging
- ▶ Occupational Privilege Tax
- ▶ Sales tax
 - ▶ If you are engaged in selling items at retail such as food or other items
- ▶ Business Personal Property Tax

Info sources:

- ▶ [Treasury Division Website](#)
- ▶ [Short Term Rental Tax Info Sheet](#)
- ▶ [Tax Guide - Short Term Rentals](#)
- ▶ [Short Term Rental Regulation & Licensing](#)

3rd Party Collections

- ▶ Presently Denver does not specifically address the 3rd Party's right to collect and remit tax on behalf of other companies or individuals.
- ▶ Our goal is to pursue an option to allow 3rd party collections for all tax types through an ordinance change instead of creating multiple agreements to manage.
- ▶ VCA – Denver has not yet engaged in any Voluntary Collection Agreements

Short Term Rentals & 3rd Party sites

- ▶ Presently Denver's Short Term Renters have to collect and remit any taxes they owe on the Short Term Lodging through their own accounts.
- ▶ There is no 3rd party licensed to do that on their behalf.

Questions that may come up when auditing 3rd Party Vendors or their clients?

- ▶ How do you verify that the sales took place in your jurisdiction?
- ▶ How can you be sure all sales from a person/company using a 3rd Party site are reported?
- ▶ What happens when there is a deficiency?
- ▶ What abilities do you have to protect the deficiencies?
 - ▶ Lien on person/company in your jurisdiction?
 - ▶ Lien on actual property of any 3rd Party in your jurisdiction?
 - ▶ Bonds requirements of 3rd Parties?

Other questions to ponder

- ▶ How many of you have engaged in VCAs?
- ▶ How many of you have initiated a code/ordinance change to allow for 3rd Party Collections?
- ▶ How many 3rd parties may be already remitting to you?
- ▶ How to you treat companies that have agents or reps in your area doing direct sales?
 - ▶ For example, Amway, Mary Kay, Herbalife
- ▶ Do you require each agent to get licensed and report sales or would you allow the company to be licensed as a whole?

THANK YOU

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