

FOR USE BY HOTELS, MOTELS, RESTAURANTS AND CATERERS  
**Application for Sales Tax Exemption for Colorado Organizations**

Statute 39-26-114, C.R.S., allows charitable organizations, federal and Colorado state government, and political subdivisions thereof, to purchase tax-exempt items to be used for conducting exclusively charitable or governmental functions.

Organization Name: \_\_\_\_\_  
Date of Event: \_\_\_\_\_ Phone: (\_\_\_\_) \_\_\_\_\_  
Authorized Representative: \_\_\_\_\_ Title: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

**BASIS OF EXEMPTION:**

- RELIGIOUS  
 CHARITABLE  
 GOVERNMENTAL

CITY TAX EXEMPT Yes() No ()  
CITY EXEMPT # \_\_\_\_\_  
COLORADO TAX EXEMPT Yes () No ()  
COLORADO EXEMPT # \_\_\_\_\_  
FEDERAL TAX I.D. # \_\_\_\_\_  
ATTACH EXEMPT CERTIFICATES

**All of the following statements must be true for the purchase to qualify for tax exemption**

(Please circle if true T or false F)

- T F The purchase is included under and is part of the regular religious or charitable functions and activities of the organization, or is purchased in a governmental capacity.
- T F The transaction is billed direct to the organization and payment is made directly from organization funds. Purchases of food or lodging by individuals do not qualify for the exemption even though the individual will be reimbursed by the organization or government.
- T F 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.

**The exemption does not apply to food, beverage, or lodging where the recipient of the food, beverage, or lodging reimburses the organization in any way, such as by the purchase of a ticket, payment of a fee, or making an involuntary contribution.**

**All of the above statements must be true for the purchase to qualify for tax exemption.**

THE UNDERSIGNED DECLARES AND AFFIRMS THAT THE ABOVE STATEMENTS ARE IN FACT TRUE AND ACCEPTS LIABILITY FOR THE TAX SHOULD THE TRANSACTION NOT QUALIFY FOR TAX EXEMPTION.

NAME: \_\_\_\_\_ TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

# FYI – For Your Information

## Special Regulation: Eating and Drinking Establishments

The sale of meals and beverages is subject to sales tax and any person making such sales must acquire a sales tax license and collect sales tax based upon the total consideration paid thereon.

Caterers and other persons similarly engaged are liable for sales tax on the total selling price of items sold and/or charges for service essential to providing meals and beverages.

Private enterprises, such as commercial and manufacturing companies, and public agencies, such as governmental organizations, regularly serving, and charging their employees or the public for meals and beverages, are liable for sales tax based upon the selling price of such meals and beverages.

Fund-raising meals priced in excess of the regular selling price are subject to tax on the regular selling price.

The vendor of meals and drinks must pay the tax on purchases of most products used or consumed in the operation of his business, including fixtures, linens, silverware and glassware. Carpenter v. Carmen Co., 111 Colo. 566, 144 P. 2d 770, (1943). Plastic and paper products such as tablecloths, towelettes, napkins, soda straws, plates, knives, forks, spoons, and cups are specifically exempt from sales tax. §39-26-114(1)(a)(XVI) and (XVII), C.R.S.

When a customer purchases one dinner and receives another free as a result of presenting a coupon issued by the restaurant, tax applies only to the actual price charged. However, tax applies to the full (non-discounted) price of the meal when an entity other than the restaurant issues a coupon or similar chit for a price reduction or free meal. See, Special Regulation 11 (Coupons).

Boarding houses, which serve meals only to persons regularly boarding there and not to the public, should not collect sales tax on the meals. Such boarding houses are exempt from sales tax on their purchases of food, but must pay sales tax on all non-food items.

Bed and Breakfast Inns are engaged in selling meals, snacks and accommodations and the entire charge made is subject to sales tax. Therefore, Bed and Breakfast Inns can purchase food served to paying guests and guestroom supplies, such as tissue, soaps, lotions, or shoeshine cloths, free of sales tax.

The following gratuities are not subject to sales tax if the total amount of the gratuity is distributed by the vendor to persons who actually render the service: cash tips (money left by the patrons for use of those providing the service), charge tips (amounts added to sales check by the patrons for use of those providing the service), banquet tips, and tips separately stated and added to the sales check by the vendor at a flat rate.



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)  
Fuel Tax: (303) 205-5602  
[www.taxcolorado.com](http://www.taxcolorado.com)

# STATE OF COLORADO

TAXPAYER SERVICE DIVISION  
Department of Revenue  
1375 Sherman Street  
Denver, Colorado 80261

June 22, 1994



[REDACTED]

Roy Romer  
Governor  
Renny Fagan  
Executive Director  
Jim Davis  
Division Director

Dear Sir/Madam:

We have granted your organization sales tax exemption to be used when purchasing items exclusively for the specific charitable activity for which the exemption has been granted. The organization's sales tax exempt status does not apply to tangible personal items sold to or used by individuals. Your certificate shall follow in the mail. If you do not receive your certificate within 7 days of this letter, please contact me.

A non-profit organization must pay sales tax when purchasing tangible personal property that will later be transferred to an individual for personal use if the organization will be reimbursed for all or part of the purchase price through direct payment, donation or proceeds from games of chance. If the sales tax is not paid to the vendor (whether outside or inside Colorado), the organization must remit the tax directly to the Department of Revenue.

\* Only activities that are an integral part of your charitable purpose qualify for the sales tax exemption. Therefore, organizations must pay sales tax on items such as food, books, tapes and religious materials when these items are to be sold to or consumed by individuals who pay for them directly or indirectly. The fact that proceeds from such sales are to be used for charitable purposes does not make the sale exempt from tax. In addition, activities such as conferences, retreats and seminars are taxable when individual participants pay, directly or indirectly, for lodging, meals and other expenses, whether through donations, dues, registration fees, tickets or tuition.

Sincerely,

Nell Johnson  
Tax Accounting  
303 534-1208