



# **CITY OF GRAND JUNCTION RETAIL SALES AND USE TAX ORDINANCE Administrative Regulations**

## **REGULATION 34-105 (2) Telephone Charges by Hotels/Motels**

**[98-02]**

Hotels and motels that charge as a separate cost for local and/or long distance telephone calls are required to collect and remit sales tax to the City of Grand Junction on the markup of the telephone charge. This tax is in addition to any tax(es) the hotel/motel remits to the telephone utility for line charges, availability or administrative costs on local and long distance phone calls.

### **LONG DISTANCE CALLS**

All long distance calls (intrastate, interstate, and international) are subject to City sales tax, whether the calls are placed by guests or staff. The entire amount hotels/motels charge their patrons for long distance telephone calls (including markup) is subject to tax. The amount hotels/motels paid the long distance carrier for the calls may be taken as a deduction on the sales tax return. These transactions are reported on the City of Grand Junction Sales/Use Tax Return as follows:

The full amount charged for long distance calls (not including the sales tax) by the Hotel/Motel shall be included in Gross Sales reported on the City of Grand Junction Sales/Use Tax Return. The amount the hotel/motel paid for the long distance calls (not including the taxes charged by the long distance carrier) may be deducted as an "Other Deduction" on the City of Grand Junction Sales/Use Tax Return.

### **LOCAL CALLS**

Any charge to the guest and/or patron for local calls is subject to sales tax. Hotels/motels that charge for local calls may take a deduction on their sales/use tax return for monthly line charges (not including taxes paid to the carrier). This deduction is limited to the lines dedicated or calls made by customers from their rooms and does not include lines used for calls by sales or administrative staff nor does it include dedicated fax or computer lines. If telephone lines are dedicated to room use, a deduction can be taken for the cost of 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.

As with long distance calls, the full amount charged for local calls (not including the sales tax) by the Hotel/Motel shall be included in Gross Sales reported on the City of Grand Junction Sales/Use Tax Return. The line charges as determined above (not including the taxes charged by the carrier) may be deducted as an "Other Deduction" on the City of Grand Junction Sales/Use Tax Return. The amount deducted cannot be more than the amount included in Gross Sales.

The foregoing regulation, having been duly promulgated and the public having had opportunity to comment on the propriety of said regulation after public notice, is hereby adopted and is deemed effective this 15th day of June, 1998.

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Ronald M. Lappi  
Finance Director  
City of Grand Junction