Airbnb to take over Denver lodging tax collections from hosts starting April 1

Short-term rental hosts on the popular service had been responsible for remitting 10.75 percent tax to city since January 2017.

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Gene April 1, Denver Airbnb hosts no longer will be responsible for collecting city lodging taxes from their guests because the popular home-sharing website will do it for them. No fooling.

City staff has been working with Airbnb to shift the duty of collecting and remitting the 10.75 percent levy on short-term rental hosts and onto the company since early last year, when Airbnb started collecting state sales tax. The complicated process took months longer than expected, but a deal is now in place.

The tax will be applied to all reservations listed on the platform from next month forward, city staff informed the Denver Post on Friday, eliminating the possibility of careless or misunderstanding hosts not collecting and remitting it to the city. The change is expected to drive up collections over the coming months.

“This agreement simplifies collection for hosts, avoids unraveling audits and could lead to increased tax revenues for the city,” said James Carlson, a local real estate broker, as an email Friday. “It’s a win-win.”

Carlson, who heads compliance classes for short-term rental hosts through his company James Carlson Real Estate, said city rules established in January 2016 that required hosts to collect that tax offered no guidance on how to go about it. This led many to either volt the fees into their own pockets, paying higher taxes themselves, or full guests separately, a move that often upset them.

“This is a happy day for a lot of hosts,” Carlson said.

The Denver City Council established in short-term rentals licensing and taxing rules in December 2014, in part to even the regulatory playing field with hotels. But as of the first of the year those regulations released late last year found the city’s tracking and enforcement of those rules was lacking in its early months. Among the audit’s findings was that between January and August of last year, only about 8 percent of active hosts had obtained business licenses from the city. That number is improving. City vector and licensing staff delivered a presentation before a City Council committee on Feb. 14 that showed 2,771 or 3,352 active short-term rental hosts in the city were down, a 71 percent compliance rate. Of those listings, 2,396 were on Airbnb.

The city collected $3.1 million in lodging taxes from the short-term rental industry as a whole last year, city finance department spokeswoman Courtney Lartie said. She said the expects compliance to improve as a result of the impending lodging tax change—since it will be easier for hosts to meet the requirements.

“It wasn’t very clear on how it was supposed to be done,” she said. “It was a huge puzzle, so we were just paying it out of pocket.”

A nightly stay in the basement apartment of her Berkeley-area home went for $85 on average last year, but the tax averaged about $9 a night.

Airbnb already collects taxes on behalf of 11 other Colorado cities, including Boulder, Golden andLoveland.