



COLORADO

Department of Revenue

Taxation Division

Office of Tax Policy
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GIL 25-003

March 24, 2025

XXXXXXXXXX
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Via Electronic Mail: XXXXXXXXXX

Re: Event Cancellation Fee

Dear XXXXXXXXXX:

You submitted a request for a general information letter regarding the taxability of cancellation fees with respect to catered food and the use of a banquet hall. The Colorado Department of Revenue ("Department") issues general information letters and private letter rulings. A general information letter provides a general overview of the relevant tax issues but is not binding on the Department. A private letter ruling provides a specific determination for a specific set of facts, is binding on the Department, and requires payment of a fee. For more information about general information letters and private letter rulings, please see 1 CCR 201-1, Rule 24-35-103.5.

Issue

Whether an event cancellation fee imposed for the cancellation of an event that included the use of a hotel banquet hall and food and beverage catering is subject to Colorado state and state-administered local sales and use tax.

Discussion

Colorado imposes a sales and use tax on retail sales of tangible personal property, as well as certain enumerated commodities and services.¹ The sale of "food or drink served or furnished in or by restaurants, cafes, lunch counters . . . hotels, . . . resorts, . . . caterers, . . . and other like places of business at which prepared food or drink is regularly sold" is one of the enumerated commodities subject to sales and use tax.² The use of a banquet room for an event is generally considered a service and is not among the services explicitly subject to sales tax in Colorado.³ 1 CCR 201-5, Special Rule 22 sets forth that charges for banquet and meeting rooms "used exclusively for a banquet, meeting, or sales/display [are] not subject to Colorado sales tax."⁴

¹ Section 39-26-104(1), C.R.S.

² Section 39-26-104(1)(e), C.R.S.

³ 1 CCR 201-5, Special Rule 22

⁴ 1 CCR 201-5, Special Rule 22

Generally, an event cancellation fee is a charge that an event organizer will impose if an event is canceled after a contract is executed but before the event is scheduled to take place. An event cancellation fee is imposed by the event organizer to recoup some of the costs incurred when an event is canceled.

When an event organizer imposes an event cancellation fee, it is not making a retail sale of tangible personal property, commodity, or service. Specifically, the event organizer is not serving or furnishing any food or drink when an event is cancelled. Because no food or drink is being served or furnished, and the use of a banquet hall is not subject to sales tax, no taxable event occurs. As a result, an event cancellation fee for the cancellation of an event that included the use of a banquet hall and food and beverage catering is not subject to sales or use tax.

Miscellaneous

This letter represents the good-faith opinion of Department personnel who are knowledgeable on state taxes issues. However, the Department does not make a specific determination on any of the issues raised and the Department is not bound by this general information letter.

The Department administers state and state-administered local sales and use taxes. This letter does not address sales and use taxes administered by self-collected home-rule cities. You may wish to consult with those local governments that administer their own sales or use taxes about the applicability of those taxes. Visit our website at Tax.Colorado.gov for more information about state and local sales taxes.

Thank you for your request.

Sincerely,

Office of Tax Policy
Colorado Department of Revenue