



Building Permit Use Tax

The City's Sales Tax Division provides the following information. Please direct all questions regarding use tax to the Sales Tax Division at (720) 234-1957 or scott.stewart@cpngov.com.

Present a copy of your building permit to your vendors when purchasing building materials so you will not be charged any town or city sales tax!

- Give your subcontractors a copy of the permit! Subcontractors working under your permit should also purchase their materials using a copy of this permit so they will not be charged town or city sales tax.
- Equipment and supplies separable to the structure **cannot** be purchased or rented tax-free such as furniture, removable fixtures, window coverings, tools, machinery, etc.
- Vendors will most likely still charge State tax and other non-municipal taxes.
- If a vendor incorrectly demands that town or city sales tax must be charged to you or to a subcontractor even when the permit application is presented to the vendor, please contact the Sales Tax Division of the city where the vendor is located (contact the appropriate city while at the vendor's location):

	<u>Phone Number</u>	<u>Email Address</u>
Arvada	(720) 898-7100	pbrown@arvada.org
Aurora	(303) 739-7341	rjpeters@auroragov.org
Broomfield	(303) 464-5811	salestax@ci.broomfield.co.us
Boulder	(303) 441-3050	kaisere@ci.boulder.co.us
Castle Rock	(303) 805-3228	tax@ci.castlerock.co.us
Commerce City	(303) 289-3628	josifek@c3gov.com
Denver	(720) 865-7075	treasinfo@ci.denver.co.us
Englewood	(303) 762-2422	salestax@englewoodgov.org
Glendale	(303) 759-1513	crice@glendale.co.us
Greenwood Village	(303) 773-0252	cstorey@greenwoodvillage.com
Lakewood	(303) 987-7630	finance@lakewood.org
Littleton	(303) 795-3956	egreen@littletongov.org
Lone Tree	(303) 708-1818	tracy.martinez@cityoflonetree.com
Parker	(303) 805-3228	salestax@parkeronline.org
Thornton	(303) 538-7400	joan.morgan@cityofthornton.net
Westminster	(303) 430-2400	salestax@ci.westminster.co.us

How to Pay Use Tax

Use tax is paid on 50% of the **job material valuation**. This payment is due at the time a permit is issued, and is paid by the general contractor, building owner, or lessee. The estimated taxable materials percentage for building permits is 50% of the total valuation of the project.

Example:

Total valuation of job	\$100,000
Taxable percentage of valuation	<u>x 50%</u>
Taxable materials	\$50,000
City tax rate	<u>x 2.75%</u>
Use tax due on permit	\$1,375

Use tax is paid up front in lieu of town or city sales tax being charged by vendors when materials are purchased. The construction permit application must be presented to vendors when purchasing construction materials for the project to avoid paying the tax twice.

In the alternative, a contractor may elect to pay for the use tax on the materials used using the actual cost of materials, based upon a complete audit under the following conditions:

- (1) The contractor must declare prior to the issuance of the building permit that they will develop an actual materials/equipment valuation at the conclusion of the project upon which the use tax will be levied.
- (2) The use tax in the calculation prescribed above will be paid at the time the permit is issued. Adjustments will be made after the project and the audit is completed.
- (3) At the completion of the project, the contractor will submit all receipts for materials and equipment in the project. These receipts will include materials and equipment supplied by all subcontractors and suppliers of materials and equipment used in the project. Failure to provide all receipts will disqualify the contractor from calculation of use tax under the above method.
- (4) The City will conduct an audit. Out-of-town travel costs of the audit, if any, will be borne by the contractor.
- (5) Adjustment up or down from the deposit made will be made after the audit is complete.

How a Project's Valuation is Determined

The determination of the value of the project is made by the Building Department. The value of the project is the total value of all construction work for which the permit is issued as well as all finish work, painting, roofing, electrical, plumbing, heating, air conditioning, elevators, fire-extinguishing systems, and any other permanent equipment. The valuation is based on the cost figures per square foot shown in the Building Valuation Data Chart published in the Building Safety Journal of the International Code Conference.

Purchases other than Building Materials

If other items besides construction materials are used or purchased for the Parker project, (e.g.: machinery and equipment rentals, tools, etc.) sales tax must be paid to the vendor on the items.

Previously Purchased Materials – From Castle Pines North Vendor

If you do not provide a copy of the building permit to a Castle Pines North vendor and are charged Castle Pines North sales tax on the construction materials, you may apply to the City of Castle Pines North for a refund of the tax paid twice. Copies of all receipts showing that City sales tax was paid to a Castle Pines North business must be submitted to the Sales Tax Division within three years of the date of the purchases.

Previously Purchased Materials – From Non-Castle Pines North Vendor

If you purchased your materials in a city other than Castle Pines North and paid that city's sales tax, Castle Pines North will not issue a refund. You must apply for a refund to the business or to the city where the tax was charged.

Actual Materials Lower or Higher Than Reported

- If actual materials are less than estimated, and the actual method was elected before the permit was issued, you may apply for a refund of the use tax overpaid within three years after the Certificate of Occupancy is issued.
- If actual materials are more than estimated, you must remit additional use tax within 30 days from the date of: (a) the final Certificate of Occupancy for buildings, or (b) the final inspection.

Exempt Jobs

Contractors who perform a job on any Federal, State, County, Town, and exempt institution job site in the City of Castle Pines North do not pay use tax on building materials for that job. Jobs done for quasi-governmental entities are not exempt. Contractors are considered the end users of items used on jobs.

Permit Usage

This permit is issued for the project listed only. Improper or fraudulent use of this permit is a violation of the Castle Pines North Code. Violators are subject to increased penalty and interest charges and criminal prosecution.

Audits

All projects for which a building permit is required are subject to audit by the City Sales Tax Division. All invoices and project cost reports pertaining to the construction project must be kept for at least three years after the later of either the (a) the final Certificate of Occupancy for buildings, or (b) final inspection. If an audit reveals that use tax was underpaid, the tax, along with the associated interest and penalty, will be assessed to the either the General Contractor or Owner. A complete audit is performed on all refund requests.