



# City of Commerce City Sales/Use Tax Division

## Prepaid Tax Estimate for Contractors Working on Construction Projects Not Requiring a City Permit

To all Contractors working within the City of Commerce City ("City"):

Under Commerce City's Revised Municipal Tax Code § 20-6-5, all contractors, including those performing work for governmental entities or exempt institutions at job sites in the City must pay the City sales and use tax. Under **Regulation 20-S.1.15** the contractor is deemed to be the consumer of construction materials and supplies used for a construction project. Charges by contractors for use of equipment are also taxable. Contractors may not avoid payment of the City sales or use tax by placing provisions in a construction agreement or by using the name of a tax-exempt entity on an invoice or purchase order, regardless that the contractor is indicated thereon as the agent of a tax-exempt entity. **No exemption certificate issued by the Colorado Department of Revenue or any other taxing authority shall be recognized as a basis for exemption from City sales or use taxes.** Commerce City is a home rule municipality and unless specified in Commerce City Code and Regulations, it is not subject to the State of Colorado's sales and use tax rules or exemptions.

Estimated use tax shall be remitted to the City prior to the start of the project. The tax is computed on the estimated total cost of construction of the project. Follow these steps to compute and remit the sales/use tax to the City:

1. Determine the total cost of construction for the project
2. Multiply the total cost of construction by sixty percent (60%) to determine the estimated taxable cost of construction
3. Multiply the estimated total taxable cost of construction by 4.5% to determine the estimated City tax due
4. Record these amounts in the table below at (A-C); submit this form along with payment of the estimated tax due
5. Complete the information in the table below, sign date and submit this form to the City

<b>Contractor Name</b>		<b>Address</b>
<b>Phone</b>	<b>Email</b>	<b>Contact Person</b>
<b>Project Name</b>		<b>Project Address</b>

<b>Full Project Estimated Contract Price</b>	<b>(A)</b>
<b>Multiply (A) by 0.60 – (This is the material cost estimate)</b>	<b>(B)</b>
<b>Multiply (B) by 0.045 This is the Commerce City estimated tax due</b>	<b>(C)</b>

**Contractor Signature:** \_\_\_\_\_ **Title:** \_\_\_\_\_ **Date Submitted:** \_\_\_\_\_

(Please make checks or other payment payable to City of Commerce City and mail to address below)

**At the completion of the project a formal audit may be conducted by the City.**

- Keep all records and receipts for all materials used and sales tax paid to Commerce City during the project by your company and your subcontractors. Credit will not be allowed for sales tax paid to other jurisdictions.

**This section for City use only**

The Commerce City Sales and Use Tax Division hereby certifies that the contractor named above has prepaid the City of Commerce City estimated sales and use taxes due under this contract. **C.R.S § 29-2-105(2)** states, *“No sales tax of any statutory or home rule city, town, city and county, or county shall apply to the sale of construction and building materials, as the term is used in section 29-2-109, if such materials are picked up by the purchaser and if the purchaser of such materials presents to the retailer a building permit or other documentation acceptable to such local government evidencing that a local use tax has been paid or is required to be paid.”*

If you have any questions regarding sales/use tax or this process, contact the City Tax Division by email (TaxDivision@c3gov.com) or by phone 303-289-3636 or 303-289-3628.

Signature: \_\_\_\_\_ Date Received: \_\_\_\_\_

Print Name: \_\_\_\_\_ City Authority: \_\_\_\_\_