

What if I pay City tax when I purchase construction materials?

If you inadvertently pay City tax when buying construction materials, provide the receipt as part of the Project Cost Report reconciliation for credit.

How are appliances treated for tax purposes?

Sales tax must be paid directly to the vendor for appliances. They are not considered construction materials.

When should I submit the Project Cost Report?

The Project Cost Report should be submitted within 60 days of completion of the project.

What happens if I don't submit a Project Cost Report?

Any unpaid taxes arising from a construction project constitute a first and prior lien on the property. Therefore, it is important to finalize the tax liability of a project by completing a Project Cost Report.

Will there be an audit?

The City may, within a three-year period of project completion, conduct an audit to determine the tax due.

What if I need help determining how to complete the Project Cost Report?

Assistance is available for questions that arise. Please contact the Sales Tax Division or visit our website at fcgov.com/salestax/contractor-requirements for assistance.

TAX ON BUILDING PERMITS

Thinking of pulling a building permit?

Get up to speed on the City of Fort Collins' tax requirements.



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Three Easy Steps

1. Pay the sales and use tax deposit when a building permit is issued.
2. Show the building permit information when purchasing construction materials.
3. At the project's completion, determine total tax due and submit a Project Cost Report.

What You Need to Know

At the time a City of Fort Collins building permit is issued, a sales and use tax deposit will be calculated and collected. The deposit is calculated by multiplying 50 percent of the construction valuation by the City's tax rate. For example, if the valuation on the permit is \$50,000, sales and use tax will be collected on \$25,000 of the total. The final tax is calculated at the completion of the project and reported on a Project Cost Report. A Project Cost Report is essentially a tax return for the building-permitted construction project.

The contractor or property owner will be furnished with a copy of the building permit which shows a City of Fort Collins sales and use tax deposit is paid. When purchasing construction materials from suppliers, the contractor or property owner will provide the building permit showing sales and use tax has been paid and City sales tax should not be charged on construction materials.

The building permit can only be used to purchase construction materials. Sales tax should be paid at the time of purchase on all tools, supplies and

materials which do not become a permanent part of the project. Examples of construction materials include: lumber, flooring and roofing materials.

Larimer County sales and use tax is also collected on building permits issued by the City of Fort Collins. The tax is remitted to the County by the City. Please contact Larimer County or visit their website at larimer.org/finance regarding their requirements.

Upon completion of a project, the contractor or property owner is responsible for providing final material costs for the project to determine if an outstanding tax liability exists or if a refund is due.

Please reference fcgov.com/salestax/contractor-requirements for further information.

FAQs

What is sales and use tax?

The term sales tax refers to the tax a business charges a customer. The term use tax refers to the customer, in this situation, the contractor or property owner, who pays the tax to the City when pulling a building permit. Use tax is a complement to sales tax.

How is the sales and use tax deposit determined?

If a permit is valued at \$50,000 for example, the sales/use tax deposit is based on half of this amount. The City's tax rate will be applied to \$25,000.

Why does the City collect Larimer County tax?

The City of Fort Collins acts as an agent for the County, collecting the tax and then submitting it to the County.