



FINANCIAL SERVICES DIVISION

Sales Tax Administration
200 Oak Street, Suite 4000
P.O. Box 1190
Fort Collins, CO 80522-1190
(970) 498-5935

Dear Contractor:

At the time you apply for a building permit, you are required to pay a use tax deposit. The tax deposit is determined assuming that 50% of the valuation will be comprised of construction materials. That amount is then multiplied by the County tax rate of 1.05% to calculate the deposit. The tax you pay when the permit is issued is merely a deposit.

Since the tax deposit is based on a material/labor ratio, it is important that actual costs be monitored and compared with the tax deposit. At the end of your project, a Project Cost Report (PCR) must be completed to compare the deposit to the tax due based on actual material costs. The outcome of the PCR may be that additional taxes may be due, or a refund could be issued.

To calculate the actual material costs, all material invoices are added to the materials from the subcontractors' invoices. It is preferred that actual material costs from the subcontractor be used when known, if not, fifty percent (50%) of the subcontractor's invoice will be used if a breakdown of materials and labor can not be provided. If labor cost account for more than fifty percent (50%) of the subcontractor's invoice, please provide a copy of the invoice or a subcontractor affidavit for back-up documentation. If claiming additional sales tax paid, a copy of the receipt must be provided.

Please note: Larimer County sales tax is not due on the purchase of construction and building materials at the time of sale IF the purchaser presents a building permit showing that the County use tax has already been paid.

For your convenience, a PCR is attached to your building permit. When submitting the completed PCR, a copy of the building permit, a final cost summary, copies of subcontractors' invoices, copies of material receipts, and any other back-up documentation to help support your claim should be included. The completed packet with applicable payment is due within 60 days from the issuance of the Certificate of Occupancy, Letter of Completion, finalization of project or at the expiration of the building permit. All PCRs submitted after the 60 days are subject to penalty and interest.

There is a possibility that the sales and use tax rate will change during the construction of your project. To ensure we use the correct sales/use tax rates, dates of the purchases must be provided. The easiest way this can be done is to provide copies of all your receipts. Or you can have the purchases individually listed out on your job cost worksheet. If dates of the purchases are not documented, the sales and use tax rate when the building permit was issued will be used to determine the taxability of the material used in your project.

If the building permit expires, a project cost report must be submitted on the work that was completed.

If you have any questions concerning project cost reporting requirements or need additional forms, please contact the Finance and Sales Tax Office at (970) 498-5930. Thank you in advance for your cooperation.

Sincerely,
Tracy Hines
Sales Tax Manager
Finance Department