

Instructions for Building Materials Use Tax Reconciliation

General Instructions

Purpose of Form: This form is used for taxpayers to calculate the actual use tax due from construction projects requiring City building permits and reconcile such tax with the estimated amount remitted when the permit was obtained. Any underpayment must be remitted with this report within ninety (90) days of the issuance of a Certificate of Occupancy (C.O.) or the date of final inspection by the building official, whichever occurs later. This report could also serve as a Claim for Refund in the case of an overpayment.

Note: The City will review all of the information provided and notify you if there is additional tax being refunded or due. The City may conduct a full audit of the project any time within 36 months of the date of C.O. If the City proceeds to audit, the City may impose penalty and interest in accordance to the Centennial Municipal Code.

Reminders

Primary contractor is liable for use tax. Pursuant to § 4-1-310 of the *Centennial Municipal Code*, the person who is responsible for obtaining a City building permit shall remit use tax on construction materials used on that project. This includes all materials, including materials used by subcontractors or furnished by the property owner, purchased from sources inside or outside the City.

Setoff of other taxes prohibited. Contractors must present a copy of the City building permit when purchasing materials to avoid payment of municipal sales taxes. Contractors may not take credit against Centennial use taxes for taxes paid to other jurisdictions.

Supporting documentation required for refund claim. Contractors claiming an overpayment of use tax must submit with this report a copy of the City building permit and a job cost report, profit and loss statement, or other summary document supporting the amount of materials used. If any work on the project was performed by subcontractors, Subcontractor Affidavits must be provided.

Reconciliation does not preclude audit. Some projects may be selected for further examination by the Sales/Use Tax Division. If this project is selected, you will be contacted by an auditor to schedule a time to review additional documentation. The Code requires that records be preserved for at least three years after the final Certificate of Occupancy is issued.

Specific Instructions

Taxpayer Information. Print the legal name, the trade or other name the taxpayer is known as, and the mailing address of the organization. For reports natural persons, print the last name followed by the first name on line 1 and do not complete line 2.

Building Permit Number. List the building permit number(s) for the project.

Project Name and Address. List the name and physical address of the construction project

Certificate of Occupancy (CO) or Final Inspection Date. List the date that the CO was issued for the project. If this project

did not require a CO, enter the date the project passed final inspection by the building official.

Line 1 – Total Materials Cost. Enter the purchase price paid for all construction materials used in the project. **Include all materials** regardless of whether they were purchased from sources inside or outside the City, they were purchased by the contractor or the property owner, or they were used by the contractor, subcontractor, or other person performing work on the project. Also include the delivery costs whether listed on the invoices or invoiced separately.

Line 2 – Total Cost of Fabrication Labor. Include the cost of any manufacturing or fabrication labor. Also include charges for freight, delivery, fuel surcharges, environmental fees, handling, and other miscellaneous charges.

Line 3 – Total Taxable. Includes the sum of Line 1-3.

Line 4 – Total City Use Tax Due. Compute the use tax due on the project by multiplying the amount on line 4 by 2.5% (the Centennial use tax rate).

Line 5 – Estimated Pre-payment Amount. Enter the amount of use tax paid when the building permit was obtained. This amount is listed on the permit.

Line 6 – Centennial Sales Tax Paid. List the amount of Centennial Sales Tax paid on the provided invoices. Invoices must be provided to get credit for the sales tax paid.

Line 7 – Total Centennial Tax Paid. Sum of Line 5-6.

Line 8 – Centennial Amount Due. If the amount on line 4 is *less than* the amount on line 7, the difference is the additional amount of use tax due on this project. Enter that amount on line 8.

If the amount on line 4 is *less than* the amount on line 7, the this the overpaid amount of use tax. Do not complete the remaining lines except for the signature area. Attach the required supporting documentation and submit the report without any payment.

Line 9 – Late Filing Penalty. Any additional use tax due is subject to a late filing penalty. Multiply the amount in line 8 by 15% and enter the greater of this product or \$15.

Line 10 – Interest. Interest accrues only in whole-month increments from the date of the CO. For example, if a report is filed 40 days after the CO was issued, two month's interest would be due. Multiply the amount listed on line 8 by 1.5% and multiply this result by the number of months the tax remained unpaid.

Line 11 – Total Due. Add the amounts in lines 8, 9, and 10 together. This is the total amount due. Make the payment payable to the City of Centennial and remit along with this signed form.

Signature – After reviewing the form for accuracy, sign and date the form. Enter the email address and title of the person completing the form.