

BUILDING PERMITS AND CONSTRUCTION USE TAX

Building Permits require a use tax payment

- Ensures use tax is paid to the municipality
- Use tax is vital to help fund additional municipal services related to construction growth

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Construction Use Tax on Building Permits

- Assessed in lieu of Sales Tax
- Assessed on construction materials that are used in the municipality
- Taxpayer only pays tax once, must present Building Permit receipt when purchasing materials
- Many municipalities have a reconciliation allowing builder to correct the use tax amount

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H.B. 1007 – The 1985 Sales Tax Simplification Act

- Established the building permit process
- Aimed at eliminating double taxation and ensures the appropriate municipality receives funds

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Construction Equipment Use Tax

- Construction equipment is taxable
 - Either sales tax or use tax must be paid
- Equipment Declaration forms facilitate use tax payment
- Tax is only paid once on equipment

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Reminders to Contractors

- Provide permit copies to subcontractors and vendors
- Declare equipment before bringing it into the City
- Reconcile estimated pre-payments with actual costs when the project is finished

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Questions?