

PITKIN COUNTY 0.5% USE TAX ON BUILDING MATERIAL

FORMS & INSTRUCTIONS



NOTICES

County Uses Deposit Method for Construction Use Tax Collection. Effective January 10, 2008, all Pitkin County construction use tax is collected on a job-by-job basis using the deposit method whereby the general contractor pays an estimate of the use tax liability at the beginning of each project. The general contractor on each job is responsible for paying all construction use tax under their scope of work for each project, including tax on purchases made by subcontractors. The "general contractor" for purposes of use tax is considered to be a contractor who has a direct contract with the property owner or its agent. The Pitkin County Use tax is in effect everywhere in the county, including within municipal jurisdictions. General Contractors are required to pay a use tax deposit when they obtain a permit or begin work on a project. Contact the Pitkin County Finance Department to pay the deposit if not done when the permit was obtained.

County Does Not Allow Sales Tax Credits against Construction Use Tax Liability. Pitkin County will not allow credits for sales taxes paid to other jurisdictions on or after January 1, 2008. It is the contractor's responsibility to obtain a waiver of sales taxes at the point of purchase for materials that will be imported into Pitkin County, or obtain a refund for sales taxes withheld by other jurisdictions. Previously, the county had allowed taxpayers to claim a credit against their Pitkin County use tax liability for sales taxes paid to other Colorado counties. Materials purchased on or after January 1, 2009 are not eligible for credit. Sales taxes collected for Pitkin County remain eligible for credit against Pitkin County Use tax.

PROGRAM SYNOPSIS

- **Rate:** 0.5% (0.005) of construction and building materials consumed and fixtures installed
- **Coverage** all projects in Pitkin County, including within municipal jurisdictions
- **Collection method:** per project deposit at permitting with final return at completion
- **Deposit Calculation:** half the estimated valuation is assumed to be taxable purchases:

$$\text{Deposit} = \text{estimated project valuation} \times .5 \times 0.005$$

- **Responsible taxpayer:** general contractor (and property owner shares joint & several liability with contractor)
- **Waivers:** homeowner's appliance fixture purchases of less than \$4,000 per year
- **Exemptions:** non-profit & government projects

WHAT**IS****USE****TAX?**

A Construction Use Tax is a replacement for Sales Tax on building materials purchased outside Pitkin County (or at wholesale) and used within the County when no County Sales Tax was collected on the purchase.

Pitkin County 0.5% Use Tax proceeds are dedicated to transportation uses, administered by the Elected Officials Transportation Committee (EOTC), which is managed jointly by Pitkin County, the City of Aspen, and the Town of Snowmass Village. Since their inception in 1989 through 2005, the Pitkin County Construction and Motor Vehicle Use Taxes have provided over \$22 million in funding for local transportation improvements.



Pitkin County collects a 0.5% use tax on construction and building materials used in the county on which no Pitkin County sales tax was collected. The Pitkin County Construction Use Tax applies to all projects within the county, including those inside municipal jurisdictions. The definition of construction and building materials subject to use tax is broad, and includes any material or appliance that becomes a fixture or permanent part of the structure and property.

Forms and instructions are available below. For additional information on construction use tax, contact Pitkin County Finance at 970-920-5220.



Pitkin County also collects a use tax on **motor vehicle sales**. *Use Tax on motor vehicles is collected by the [Pitkin County Clerk & Recorder](#)*

CONSTRUCTION USE TAX INFORMATION**USE TAX COLLECTION METHOD**

For projects permitted on January 10th, 2008 or later, Pitkin County Construction Use Tax is collected using the "**deposit method**" whereby the general contractor pays an estimate of the use tax liability at the beginning of each project. The deposit will be collected by the Pitkin County Building Department at the time the "main" permit is issued.

Deposit Calculation deposit amount = total permit valuation x 50% (0.5) x 0.5% (0.005)

Final Return Required. The general contractor is required to file a final return upon completion of the project. Additional amounts due should be remitted or refunds requested at that time. The final return should be filed with the Pitkin County Finance Department.

Who Files the Return? The general contractor is responsible for all taxes due under their scope of work, including all activities of subcontractors as well as any materials purchased by the owner and installed under the contractor's scope of work. The term general contractor used here is applied to whichever entity performs as the lead or sole contractor within their scope of work as contracted with the property owner.

For projects located in the **City of Aspen**, there are two use taxes separate collected; one for the City and one for Pitkin County. The City of Aspen Building Department will collect the Pitkin County Use Tax deposit along with the City Use Tax deposit on jobs within the city limits, as a convenience for contractors. The final return for the Pitkin County Use Tax portion of City of Aspen projects should be filed with the Pitkin County Finance Department. (Contractors will fill out two final tax returns; one for the City and one for the County.) General Contractors on projects permitted by the **Town of Snowmass Village** or **Town of Basalt** must contact the Pitkin County Finance Department to pay their deposit and to file a final return. If you have not paid a deposit on a project that was permitted after January 9th, 2008, you should contact the Pitkin County Finance Department to make arrangements.

Non-permitted projects (such as landscaping and small projects) must contact the Pitkin County Finance Department to pay their deposit and to file a final return. Some contractors may qualify to use a quarterly reporting method instead of the per-project deposit method.

DE MINIMIS EXCLUSIONS

Exclusions apply for **appliance fixture purchases** and **small projects** performed by the homeowner; certain small projects are exempted from use tax amounts due of up to \$20.00 per year (or on the first \$4,000 in purchases).

De Minimis Policy for small contractor balances and homeowners

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USE TAX PAYMENT PROCESS

- (1) **Deposit.** General Contractor pays Use Tax Deposit when starting project. Paid to the Building Department when obtaining master building permit or paid directly to County Finance Department.
- (2) Obtain **Use Tax Certificate** - allows buyers to waive sales taxes collected by other local jurisdictions. Obtained from Building Department with permit or issued directly from County Finance Department.
- (3) Complete project (obtain waivers of other local sales taxes on materials purchased for use in Pitkin County.)
- (4) General Contractor prepares final use tax return at end of project for the entire scope of work, including subcontractors.
- (5) **Final Return.** Payment of additional amount due or request refund of excess deposit.

NOTE ABOUT PITKIN COUNTY SALES TAX

Pitkin County sales taxes supersede Pitkin County use tax. Purchases that would ordinarily be subject to the collection of Pitkin County sales tax cannot be substituted with the payment of Pitkin County use tax.

DEPOSIT WAIVER POLICY

Certain projects and contractors are excluded from the Pitkin County use tax deposit requirement when obtaining building permits.

Qualifying projects. This waiver is available for projects that are:

- **Owned by a sales tax exempt entity** (i.e. government or non-profit), or
- On projects performed by a **contractor who collects Pitkin County sales tax** for all materials used on the job. Only contractors that collect Pitkin County sales tax, and do not install materials purchased by others or employ subcontractors qualify for this waiver.

For more information:

[Deposit Waiver Policy](#) 

NOTE ABOUT PROJECTS STARTED PRIOR TO JANUARY 10, 2008

Prior to January 10, 2008, the County allowed periodic reporting of jobs (i.e. quarterly) and allowed general contractors to delegate compliance to their subcontractors. That policy is terminated for jobs started on or after January 10, 2008.

Contractors with projects already in progress on January 10, 2008 may elect to **continue with the periodic (monthly/quarterly) method** of reporting and delegation to subcontractors until those projects are complete. Or, they may choose to pay an **in-progress deposit and convert** to the deposit/final return method. Contact Pitkin County Finance to make arrangements for your in-progress jobs

For a copy of the *Transition Form: election and deposit for construction projects in progress on January 10, 2008* - Contact the Pitkin County Finance Department.

WHERE CAN I GET MORE INFORMATION?



You can visit Pitkin County Finance: 530 East Main Street, Suite 201, Aspen, CO 81611
Or Call -- Phone: 970-920-5220, Fax: 970-920-5230. TDD/TTY 970-429-2700.