



**City  
of  
Boulder**  
**Sales/Use Tax Division**

**Construction Permit  
Use Tax Information &  
Reconciliation Return**

Planning and Development Services issues building construction permits and related site and right of way permits. Use taxes are to be paid on permits on an “Estimated Percentage Basis,” as prescribed by § 3-2-14(a) of the Boulder Revised Code. A use tax, based on a percentage of the **total construction valuation**, is due at the time a permit is issued, and is to be paid by the General Contractor (GC), building owner or lessee. *Please note that all references to GC throughout this document include homeowners acting as their own GC.* Separate permits are required for right-of-way work such as paving and utilities. If site work such as landscaping and parking lot paving are not part of the general building permit, a separate permit is required. All site and right-of-way permits require their own valuations apart from the building permit, and use tax is also pre-paid on these permits. **The estimated taxable materials percentage for building permits is 50% and for stand alone site and right of way permits, it is 30%.**

Because construction use tax is paid when the permit is issued, copies of the permit placard and receipt should be distributed to all subcontractors. The permit should be presented by the GC and subcontractors to all material vendors in order to avoid paying the city tax twice. Since state tax was not prepaid, vendors will charge state and RTD tax on material purchases. **The estimated prepaid use tax applies only to construction materials (property that becomes an inseparable part of a completed structure).** Construction materials, as defined in B.R.C. 3-1-1, do not include items such as carpeting, appliances, removable fixtures, window coverings, equipment, tools or similar items. However, permanently installed items like commercial kitchen hoods are considered building materials.

Because the payment of use tax on the permit is an estimate, there is typically a difference between the final cost of the materials used and the amount originally estimated. In order to reconcile these differences, the GC, is required under B.R.C. 3-2-18(b) to submit a completed “Project Cost Reconciliation Return” providing an accounting of actual material costs, including materials supplied by sub-contractors. The Project Cost Reconciliation Return is due to the City Sales Tax Office (PO Box 791, Boulder, CO, 80306) within 60 days of the date of the final Certificate of Occupancy (CO) or Letter of Completion (LOC). If the reconciliation shows that total use tax was underpaid, the GC will be allowed to pay such taxes within the 60-day period without any interest or penalty charges. If the reconciliation indicates that use tax was overpaid, the GC may apply for a refund. **All Boulder construction project records may be audited by the City. When a GC files the Project Cost Reconciliation Return on time, the audit period is limited to three years from the due date of the return.** Audits are done to determine the actual total taxable costs of the project. If such an audit reveals a tax deficiency, and the GC has not filed a Project Cost Reconciliation Return and paid all use taxes due within the 60-day grace period, the tax along with a 10% penalty and associated interest will be assessed to the GC.

City personnel are available to answer your questions by phone at the number below or in person at the Boulder Municipal Building from 8 a.m. - 5 p.m. Monday through Friday. Please call in advance to ensure a tax representative will be available for assistance.

This document was created with Win2PDF available at <http://www.win2pdf.com>.  
The unregistered version of Win2PDF is for evaluation or non-commercial use only.  
This page will not be added after purchasing Win2PDF.