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## Tax Compliance Guide

### Construction – City Projects Topic 327

(10/2006)

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The *Westminster Municipal Code* provides an exemption from City sales/use tax for purchases of construction materials used in construction projects undertaken and managed directly by the City. This exemption applies only to Westminster taxes and may not apply to other state or local taxes. This exemption does not extend to other tax exempt organization projects.

Contractors working on City projects may obtain a *Certificate of Tax Exemption* from the Sales Tax Division to present to vendors when purchasing construction materials. The exemption from sales/use tax applies only to construction materials, (tangible personal property which becomes an integral and inseparable part of real property). Construction materials do not include items such as equipment, tools, supplies, or other similar items.

Contractors working on City projects should also apply for an exemption from sales/use taxes collected by the Colorado Department of Revenue by completing form DR0172 *Contractor Application for Exemption Certificate*. This form is available on their website, [www.taxcolorado.com](http://www.taxcolorado.com) or by calling the Department of Revenue at (303) 238-7378.

This exemption does not extend to construction equipment used on City projects. Contractors must declare construction equipment prior to locating it in the City and pay the applicable Westminster use tax.

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### Examples

1. The City of Westminster contracts with XYZ General Contractors to build a new fire station. Because this project is undertaken and managed by the City, XYZ is exempt from paying Westminster sales and use tax on construction materials used in the project. XYZ must declare construction equipment prior to locating it in the City and pay the applicable Westminster use tax.
2. A local school district contracts with XYZ General Contractors to build a new school in the City. Because this project is not undertaken and managed by the City, XYZ General Contractors must pay Westminster use tax on construction materials and construction equipment used in the project.

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### Related Topics

Construction – Projects Not Requiring City Building Permit  
Construction – Projects for Tax Exempt Organizations  
Construction – Equipment

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### Citations

*Westminster Municipal Code*  
§ 4-2-2. Definitions  
§ 4-2-3. Rate; Imposition & Collection; Distribution  
§ 4-2-6. Exemptions from Sales Tax  
§ 4-2-7. Exemptions from Use Tax

THIS GUIDANCE IS A SUMMARY IN LAYMEN'S TERMS OF THE RELEVANT WESTMINSTER TAX LAW FOR THIS TOPIC, INDUSTRY, OR BUSINESS SEGMENT. IT IS PROVIDED FOR THE CONVENIENCE OF TAXPAYERS AND IS NOT BINDING UPON THE CITY. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE WESTMINSTER MUNICIPAL CODE AND APPLICABLE RULES AND REGULATIONS. THIS GUIDE DOES NOT CONSTITUTE A CITY TAX POLICY.

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### Contact Us

For additional assistance, please contact us:

City of Westminster  
Sales Tax Division  
4800 West 92<sup>nd</sup> Avenue  
Westminster, CO 80031

**Phone:** (303) 658-2065

**Fax:** (303) 706-3923

Administrative offices are open Monday through Thursday from 7:00a.m. to 6:00p.m. (closed Friday).

**E-mail address:** [salestax@cityofwestminster.us](mailto:salestax@cityofwestminster.us)

**Website:** <http://www.cityofwestminster.us>  
From the Business menu, choose Westminster Taxes