



CITY OF COLORADO SPRINGS CONTRACTORS AND TAX-EXEMPT ENTITIES

NOTICE:

A contractor **cannot** bypass the obligation to pay Colorado Springs sales or use tax on materials by referring to the name of a tax-exempt entity for whom the work is being performed. Possession of a certificate of exemption issued by the Department of Revenue (#89 Certificate) or any other taxing authority **does not** grant immunity from sales or use tax imposed by the City of Colorado Springs on construction and building materials.

Only transactions involving "direct sales to" or "direct purchases by" an exempt entity using their funds qualify for tax exemption. If you **are not** the exempt organization, **you are** responsible for tax payments as the purchaser. If the contractor doesn't pay city sales tax to the seller, they may owe use tax to the City.

2.7.104: WORDS AND PHRASES DEFINED (DEFINITIONS)

CHARITABLE ORGANIZATION:

Any entity which: a) has been certified as a nonprofit organization under section 501(c)(3) of the Internal Revenue Code, and b) is an organization which exclusively and in a manner consistent with existing laws and for the benefit of an indefinite number of persons or animals, freely and voluntarily ministers to the physical, mental or spiritual needs of persons or animals, and which thereby lessens the burden of government.

SCHOOL:

An educational institution having a curriculum comparable to a grade, grammar, junior high, high school or, college, or any combination thereof, requiring daily attendance, having an enrollment of at least forty (40) students, and charging a tuition fee.

CONSTRUCTION AND BUILDING MATERIALS:

Tangible personal property incorporated into, attached to, or affixed to real property by contractors in the performance of a lump sum improvement to real property contract, and when combined with other tangible personal property, loses its identity to become an integral, inseparable, and permanent part of the real property, and if removed would cause substantial damage to the real property or article itself.

The above materials, when used in other forms or do not remain as an integral, inseparable, and permanent part of a completed structure, are not construction and building materials.

- For more details, refer to the [Construction Contractor Guideline](#) when construction and building materials don't meet the defined criteria, page 4.

SALES AND USE TAX ORDINANCE

2.7.404: CHARITABLE AND RELIGIOUS ORGANIZATIONS:

The purchase price paid or charged on **direct sales to and direct purchase by** religious, charitable, and eleemosynary corporations, in the conduct of their religious, charitable, and eleemosynary functions and activities only, provided that a letter of exemption from the City is possessed by the organization. These organizations, however, are required to collect Sales Tax when taxable sales are made by them. (1968 Code §3-75; Ord. 76-168; Ord. 01-42)

2.7.418: GOVERNMENTS, SALES TO: (includes state-funded school)

The selling price paid or charged on **direct sales to and direct purchases by** the United States government, the State of Colorado, its departments or institutions, and political subdivisions in their governmental capacity only, and all sales to or purchases by the City are exempt. No commercial, industrial, or any other banking institution organized or chartered by the United States government or by the State of Colorado shall be considered a governmental institution for the purpose of this exemption. (1968 Code §3-75; Ord. 76-168; Ord. 01-42)

2.7.437: SCHOOLS:

The purchase price paid or charged on **direct sales to and direct purchases by** a school other than a school held or conducted for private or corporate profit in the conduct of its educational functions and activities only are exempt, provided that a letter of exemption from the City is possessed by the school. The school is required, however, to collect Sales Tax when taxable sales are made by it. (1968 Code §3-75; Ord. 79-179; Ord. 01-42)

2.7.604: CONTRACTORS, OWNERS OR LESSEES OF REALTY:

Every purchase by a contractor shall be taxable as a purchase at retail unless the purchase is for taxable resale or otherwise exempt under this City Tax Code. Every contractor who shall build, construct, reconstruct, alter, expand, modify, or improve any building, dwelling or other structure, or make improvement to real property, **including all work performed on Federal, State, County, City, exempt institution, and private construction job sites in this City and shall purchase construction and building materials**, and every owner or lessee of realty situate in the City, upon which any

article or articles of tangible personal property acquired from sources within or without the City are attached or affixed and which contractor, owner or lessee has not paid the sales tax imposed by this City Tax Code thereon, to a retailer required or authorized to collect the same, shall pay a use tax by making a monthly return and paying the tax due to the City, on or before the twentieth day of the month following the purchase and on or before the twentieth day of each calendar month thereafter for the preceding calendar month.

A. Contents Of Return:

Returns shall show the value of the tangible personal property purchased by the person, the use, storage, distribution, or consumption of which became subject to the tax imposed by this City Tax Code during the period of time covered by the return.

B. Books And Records:

Any person who shall build, construct, reconstruct, alter, expand, modify, or improve any building, dwelling, or other structure or improvement to real property within the City or who shall contract the aforesaid to be done and who shall purchase lumber, fixtures or any other building materials and supplies used therefor, or who shall contract for the purchase of the aforesaid shall keep and preserve all invoices, statements and other records showing the purchases.

C. Preservation Of Books And Records:

Any failure to preserve the invoices, statements, and records shall cause all estimates and assessments of the tax owed, pursuant to section 2.7.1002 of this article, to be the only evidence of the tax due.

D. Furnishing Of Information:

It shall be the duty of the Regional Building Official and the contractors and subcontractors who are hired to do the above stated work, or any portion thereof, to furnish the Director information as he may require as to any purchases of lumber, fixtures, or any other building materials and supplies for the work.

E. Building Inspections:

An inspection, including a periodic or final inspection, shall not be made by the Regional Building Official, nor shall a certificate of occupancy, whether temporary or final, be issued unless all taxes due as provided by this City Tax Code, on all construction and building materials connected with the construction, reconstruction, alterations, expansion, modification or improvement to real property within the City have been paid or arrangements therefor made with the Director. (1968 Code §3-80; Ord. 76-168; Ord. 81-251; Ord. 01-42; Ord. 23-36)

REFUND REQUEST INFORMATION

An exempt organization can seek a refund for the city sales and use tax paid by a construction contractor on the purchases of construction and building materials related to a specific construction project, provided the following criteria are met:

1. The exempt organization possessed a city-issued exemption certificate distributed by our office before construction.
2. The purchases align with the definition of Construction and Building Materials, excluding Repairs and Maintenance.
3. The qualifying entity has reviewed the guideline titled "Refund of Taxes to Qualifying Entities for the Purchase of Construction Materials."
4. The qualifying entity must submit the ST19 COS CON Qualifying Entity Claim for Refund of Sales and Use Tax on Construction Materials.
 - a. Contractors hired to perform work on a qualifying entity's property must submit two forms - the ST16 COS QE Contractors Certificate and Assignment Rights and the Contractors Summary Sheet.
 - b. ST16s will be submitted upon the completion of their contract with the general contractor; our office does not accept documents in phases of completion.
 - c. These forms should be submitted to the general contractor, who will collect and forward all documentation to the qualifying entity after the project completion.
 - d. The qualifying entity will then attach these documents to their ST19 for submission to the City of Colorado Springs Sales Tax Office.

Refund Requests undergo audits and are referred to as a tax review; refunds are not endorsed without examination:

1. The Director determines that the facts adequately support the claim for a refund.
2. The Director will reject claims including but not limited to:
 - a. Document(s) submitted showing purchases unrelated to construction and building materials such as equipment rental, consumables, supplies, tools, labor services, ancillary items, and removable items relating to furniture, fixtures & equipment (FF&E).
 - b. Taxes claimed are found to have been legally due and paid to any other municipal authority.
 - c. Taxes paid relating to The Department of Revenue, El Paso County, and PPRTA.
 - d. Purchases comingled with other projects or person(s) unrelated to the project.
 - e. The sales or use tax was not confirmed as received by the city sales tax office.
 - f. Purchases for ongoing, routine maintenance.
 - g. Incomplete or missing ST19 or ST16 forms.
 - h. Invoices with a purchase date no longer within the statute of limitations (3 years).
3. The City of Colorado Springs reserves the right to partially deny or deny any refund that does not meet the specified qualifications.

Approved refunds are disbursed to the exempt organization, not the contractor.

CONTACT INFORMATION:

City of Colorado Springs
Sales Tax / Construction
Mail Code 225
PO Box 1575
Colorado Springs, CO 80901-1575

Tele: 719-385-5903, Option 3

Fax: 719-385-5291

Email: Construction_SalesTax@coloradosprings.gov

DOCUMENTS & FORMS:

Website: <https://coloradosprings.gov/new-construction-contractor>

REFERENCE MATERIAL:

The City of Colorado Springs, [Chapter 2, Article 7 Sales and Use Tax](#)