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General Contractors and Subcontractors – Construction within Denver

The City and County of Denver imposes a 3.62% **consumer's use tax** on all construction materials, supplies, tools, and equipment used by a construction contractor on a Denver job. Credit against the Denver use tax liability is allowed for a legally imposed sales tax previously paid to the extent the rate does not exceed the combined rate in Denver of 7.62% (7.72% prior to January 1, 2012).

Tools and equipment are subject to the 3.62% use tax on the cost or fair market value at the occasion of first use in Denver. Exceptions are:

1. Automotive vehicles required by law to be registered outside Denver are exempt.
2. If equipment will be used or stored in Denver for 30 consecutive days or less, a declaration completed prior to the equipment being brought into Denver may result in a smaller tax liability.

In addition to the above, it is important to note the following:

1. Denver **does not** provide an exemption from sales or use tax for construction or building materials used on **any** construction project located in Denver, including government, religious, or charitable.
2. Denver **does not** collect use tax at the time a building permit is issued. Tax is paid to suppliers at the time of purchase, or directly to the City of Denver on the consumer's use tax return.
3. Denver **does not** provide an exemption from sales or use tax for energy (natural gas, electricity, etc.) used in building construction.
4. Denver sales or use tax applies to diesel fuel for off-highway use, including that used for the operation of construction equipment.
5. Contractors that manufacture materials or other items of tangible personal property that are to be incorporated into a structure are liable for use tax on the manufactured cost of these items, which in addition to materials, includes labor and services used in the manufacturing process.
6. The City of Denver has an **occupational privilege tax (OPT)**, which is due for employees earning at least \$500 in a calendar month while working in Denver. A total of \$9.75 per month per eligible employee must be remitted: an Employee OPT of \$5.75 withheld from the employee and a Business OPT of \$4.00 paid by the business for each taxable employee, owner, partner or manager. If your business is a corporation, any officers and owners/shareholders that perform services for the corporation are considered employees, and the full \$9.75 would be due when the \$500 earnings-in-Denver threshold is met. No fee is required for occupational privilege tax registration.
7. In addition to occupational tax registration, "construction contractors" may be issued a consumer's use tax account; "contractor-retailers" are issued either a sales tax license, if the business is located in Denver, or a retailer's use tax license for business locations outside the city. No fee is required for consumer's use tax registration, however a license fee is required for both sales and retailer's use tax licensure.

For additional information on Denver taxes, go to www.denvergov.org/treasury, and click on the **Tax Guide** link. Questions regarding Denver taxes may be addressed to our Taxpayer Service Unit at **720-913-9400**.