

PROWERS COUNTY SALES AND USE TAX INFORMATION SHEET

The following information is provided by the Prowers County Administration and is a general overview of the Sales and Use Tax collection system in Prowers County, Colorado. Please direct all questions regarding use tax to 719-336-8025 or jlundy@prowerscounty.net

TAX PAYMENT AND TAX CERTIFICATE

On March 12, 1991, Resolution No. 91-2 was approved at a special election held in Prowers County. Resolution No. 91-2 adopted a County Sales and Use Tax of one-percent (1%). The Use Tax is imposed on all tangible personal property stored, used or consumed in Prowers County, Colorado for which a county sales tax has not been paid elsewhere in Colorado. To view Resolution 91-2 in its entirety, it can be accessed through the Prowers County website.

Prowers County use tax applies to any equipment, construction materials and construction projects for which a county sales tax has not been previously paid in Prowers County or any other county in Colorado.

For vehicles, the County tax is paid at the time the vehicle is registered with the Prowers County Clerk if a county sales tax has not been paid in any other county in Colorado.

For equipment and machinery for which registration with the Prowers County Clerk is not required, the County tax is paid when the equipment or machinery is brought to Prowers County for use or installation.

For construction projects and construction materials, you are required before beginning the construction project to pay a county tax deposit at the Prowers County Administration Office and complete an application for a Sales and use Tax Exemption Certificate. The deposit for the County tax is determined assuming that 40% of the valuation will be comprised of construction materials. That amount is then multiplied by the County tax rate of 1.0% to calculate the deposit owed. The tax you pay for your Sales and Use Tax Exemption Certificate to be issued is merely a deposit.

Note: You are responsible for making sure contractors and subcontractors receive a copy of the Sales and Use Tax Exemption Certificate for use when purchasing equipment or building/construction materials.

Since the County tax deposit is based on a material/labor ratio, it is important that you monitor actual costs so they can be compared with the County tax deposit. At the end of your project, you must file with the Prowers County Administration Office receipts documenting your actual construction materials costs. The County tax deposit will be compared to your actual construction material costs. The outcome of the comparison may be that additional County taxes may be due or a refund could be issued.

To calculate the actual material costs, all material invoices are added to the materials from the subcontractors' invoices. It is preferred that actual material costs from the subcontractor be used when known, if not, forty percent (40%) of the subcontractor's invoice will be used if a breakdown of materials and labor cannot be provided. If labor costs account for more than forty percent (40%) of the subcontractor's invoice, you will need to provide documentation to support the amount claimed. If you are claiming that sales tax paid on the construction materials in another county in Colorado, a copy of the receipt must be provided, and you will need to contact the Colorado Department of Revenue to apply for a refund of sales tax paid elsewhere in Colorado.

Note: Sales tax should not be due in Prowers County or any other county in Colorado on the purchase of construction and building materials at the time of sale IF you present a Prowers County Sales and Use Tax Certificate showing that the County use tax has already been paid in Prowers County. THE PROWERS COUNTY SALES AND USE TAX CERTIFICATE ONLY APPLIES TO PURCHASES MADE IN COLORADO.

For the purpose of reconciling your actual construction costs to the County tax deposit previously paid, a copy of your Sales and Use Tax Certificate, a final cost summary, copies of subcontractors' invoices, copies of material receipts, and any other back-up documentation to help support your claim should be provided. Your completed reconciliation packet with additional payment, if due, must be submitted to the Prowers County Administration Office not later than 60 days after your project is completed.

USE TAX EXEMPTION

If you believe your vehicle, equipment, machinery or construction project is exempt from the Prowers County Use Tax, you must submit a Colorado Certificate of Exemption and a completed Use Tax Exemption Request Form to Prowers County for approval prior to issuance of the Sales and Use Tax Certificate. The completed forms should be submitted to:

**Prowers County Administration
301 South Main Street, Suite 215
Lamar, Colorado 81052
ATTN: Assistant to the Board of Commissioners**

ALL PROJECTS ARE SUBJECT TO AUDIT

All related records are subject to audit by the County following construction project completion or acquisition of the vehicle, equipment or machinery. The audit is designed to determine the actual taxable cost of the construction project, vehicle, equipment or machinery, and may be conducted at any time within 18 months after completion of the construction project or acquisition of the vehicle, equipment or machinery.

The audit will reconcile the County tax paid against the actual County tax due. It is important that you keep complete and accurate records of each project. For construction projects, a copy of the contract including change orders, all invoices, receipts and cost overrun reports pertaining to the construction project shall be kept for at least 18 months after completion of the construction project.

If a formal audit by the County reveals an underpayment of the County tax, the remainder of the unpaid County tax, along with interest and penalties, if any, will be assessed to you.

A complete audit is performed by the County on all refund requests.

PENALTY INTEREST FOR UNDERPAYMENT OF USE TAX

The interest and penalty rate for underpayment of the tax shall be the same as allowed under Section 39-26-207, C.R.S., 2008, as amended. The amount of interest shall accrue from the date due, and shall continue to accrue until paid. Upon written notification by the County of the amount of the underpayment, you may immediately pay the amount of the underpayment to stop interest from accruing while an appeal is undertaken.

Board of County Commissioners

301 South Main St., Ste. 215
Lamar, Colorado 81052
719-336-8025

Thomas Grasmick
First District

Ron Cook
Second District

Wendy Buxton-Andrade
Third District

Jana Coen
Clerk to the Board

Darla Scranton Specht
County Attorney

40% METHOD - CONSUMER USE TAX RETURN

Business Name: _____

Agent: _____

Address: _____

City: _____ County: _____

State: _____ Zip: _____

Phone: _____

Project Total

| Project Name | Project Amount |
|--------------|----------------|
| | |

5. Calculate Tax Due

| | |
|----------------------------------|--|
| A. Total Project | |
| C. 40% Taxable Amount of Project | |
| D. Tax Rate 1% | |
| E. Amount of Tax Due | |

6. Please remit Tax Due amount (5E) from above to:

Prowers County
301 South Main St., Suite 215
Lamar, Colorado 81052

PROWERS COUNTY SALES & USE TAX INFORMATION

Prowers County has a 1% County Sales and Use Tax, voted in by the citizens, November 1991. Sales & Use Tax must be collected on the total dollar amount of materials/bulding supplies that are purchased outside the County or the State of Colorado. Please submit the 1% County Tax due directly to Prowers County. Prowers County Sales & Use Tax collections do not follow State exemptions.



PROWERS COUNTY USE TAX EXEMPTION REQUEST FORM

MAIL TO: **Prowers County Administration**
301 South Main Street, Suite 215
Lamar, Colorado 81052
ATTN: Assistant to the Board of Commissioners

When the permit applicant believes a project is exempt from Use Tax, this form along with a Colorado Certificate of Exemption must be submitted to Prowers County. Please send the completed documents to the address, fax or email printed at the bottom of this page.

Name: _____

Contractor: _____

Project Address: _____

City: _____ State: _____ Zip Code: _____

How would you prefer to be notified?

Email: _____

Phone: _____

Fax: _____

Signature: _____ Date: _____

*** Be sure to include a copy of the Colorado Certificate of Exemption.**