

Tax and Licensing Division  
15151 E. Alameda Parkway, Ste. 5700  
Aurora, Colorado 80012  
303.739.7800



## Tax Compliance Guide

### Construction Projects Not Requiring City Building Permits

(09/2022)

*Note: This guidance is not an advisement regarding permitting requirements. For information on the applicability of a building permit for a specific project, contact the Aurora Building Division at (303) 734-7420.*

Improvements to real property that do not require a building permit issued by the City of Aurora's building division are retail sales of tangible personal property for sales tax purposes. Projects not requiring a building permit should be billed on a time and materials basis. The materials component of such improvements is considered a sale of tangible personal property and sales tax shall be collected (including markup and fabrication labor), as required by the City of Aurora tax code.

Retailer-contractors should purchase the materials for these improvements exempt from city taxes as wholesale purchases for resale. There is no option in the City code, nor credit given, for a contractor/retailer paying sales tax to their materials vendor and invoicing the customer a single "lump sum" amount. When Aurora sales tax is paid in error on the wholesale purchases of materials for resale, refund claims should be filed with the City directly.

Non-taxable service or installation labor which is not separately stated on the invoice provided to the purchaser at the time of sale becomes part of the purchase price and is taxable.

#### Examples

- Contractor A is hired for a non-permitted project located in Aurora laying sod for a homeowner. Contractor A charges the homeowner a lump sum price of \$1,500 for the project. Aurora sales tax is due on the entire lump sum invoice since charges for labor and materials were not separately stated.
- In the example above, if Contractor A instead issues an invoice to the homeowner showing \$500 for labor and \$1,000 for materials. Aurora sales tax must be charged on \$1,000 materials. The \$500 charged for installation labor is a non-taxable service.
- In the example above, if Contractor A incorrectly pays Aurora sales tax on their purchase of the sod/materials, they may request a refund directly from the City of Aurora. The retail sale to the homeowner is a separate transaction and no credit would be allowed to the homeowner for the taxes paid by Contractor A in error.

THIS GUIDANCE IS A SUMMARY IN LAYMEN'S TERMS OF THE RELEVANT AURORA 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 AURORA MUNICIPAL CODE AND APPLICABLE RULES AND REGULATIONS. THIS GUIDE DOES NOT CONSTITUTE A CITY TAX POLICY.

[Auroragov.org/tax](http://Auroragov.org/tax)

- Homeowner A hires Contractor B to install a radon mitigation system in their home for \$3,000, no City of Aurora building permit is required for the project. Contractor B will invoice on a time and materials basis. The final invoice to the homeowner at the project's completion separately states installation labor of \$2,500 and materials of \$500. Sales tax is charged by the contractor on the invoiced \$500 of materials.

#### Related Topics

Contractors Brochure  
Construction Materials  
Construction Equipment  
Construction Consumable Supplies  
Mixed Transactions

#### Citations

*Aurora Municipal Code*  
§ 130-31. Definitions  
§ 130-33. Legislative Intent  
§ 130-156. Taxable Items

#### Contact Us

For additional assistance, please contact us:

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