

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



Tax Compliance Guide

Construction – Consumable Supplies

(05/2023)

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

The *Aurora Municipal Code* defines construction materials as tangible personal property which, when combined with other tangible personal property, loses its identity to become an integral and inseparable part of a structure or project, including public and private improvements. Construction materials include, but are not limited to, such things as: asphalt, bricks, builders' hardware, caulking material, cement, concrete, conduit, electric wiring and connections, electrical heating and cooling equipment, fireplace inserts, flooring, glass, gravel, insulation, lath, lead, lime, lumber, macadam, millwork, mortar, oil, paint, piping, pipe valves and pipe fittings, plaster, plumbing fixtures, putty, reinforcing mesh, road base, roofing, sand, sanitary sewer pipe, sheet metal, site lighting, steel, stone, stucco, tile, trees, shrubs and other landscape materials, wallboard, wall coping, wallpaper, weather stripping, wire netting and screen, water mains and meters, and wood preserver.

The above materials, when used for forms or other items which do not remain as an integral and inseparable part of a completed structure or project, are not construction materials. Erosion control materials and supplies are not construction materials.

Materials, tools, and supplies used in construction projects that do not meet the above definition of construction materials are consumable supplies. They are treated differently for tax purposes and are subject to sales or use tax at the time of purchase. The contractor is considered the user/consumer of these items and the sales tax exemption for construction materials does not apply. If a municipal tax is not lawfully paid at the time of purchase, use tax will be due directly to the City of Aurora.

There is an important distinction between consumable supply purchases and purchases that meet the definition of construction materials. Sales/use tax liability does not pass from the purchaser or subcontractor to the general contractor and/or project owner as is the case with permitted construction materials. The user/consumer of consumable construction supplies is liable for sales or use tax on their purchases.

Examples

1. Subcontractor A, working on a permitted project under General Contractor B, has a box of gloves delivered to the Aurora project site for use in performing their subcontract. No municipal sales tax is collected by the vendor on the purchase. Subcontractor A owes Aurora use tax on the purchase and the liability does not flow to the General contractor or project owner.

2. Subcontractor A, working on a permitted project under General Contractor B, purchases \$10,000 of construction materials presenting the project's building permit to the vendor. Additionally, they purchase small tools in the amount of \$500 from the same vendor and are not charged municipal sales tax. Subcontractor A owes use tax on the \$500 small tools purchase as a consumable supply. The \$10,000 in construction materials are exempt when purchased by the subcontractor since tax on the construction materials is reconciled at the General Contractor B level.

3. Subcontractor A, working on a permitted project under General Contractor B, purchases \$5,000 in lumber for forming concrete at the construction site. Subcontractor A owes Aurora use tax on the purchase and the liability does not flow to the general contractor or project owner. Concrete forms do not meet the definition of construction materials covered under the building permit.

Related Topics

Contractors Brochure
Permit Reconciliation
Construction Equipment

Citations

Aurora Municipal Code
§ 130-31. Definitions
§ 130-33. Legislative Intent
§ 130-61. - Tax on construction materials.

Contact Us

For additional assistance, please contact us:

City of Aurora
Tax Division
15151 E. Alameda Parkway Ste. 5700
Aurora, CO 80012

Phone: (303) 739-7800

E-mail address: tax@auroragov.org

Website: <http://www.auroragov.org/tax>

Filing: <http://aurorataxportal.gentaxcpc.net>

Licensing: <http://www.auroragov.org/bl>