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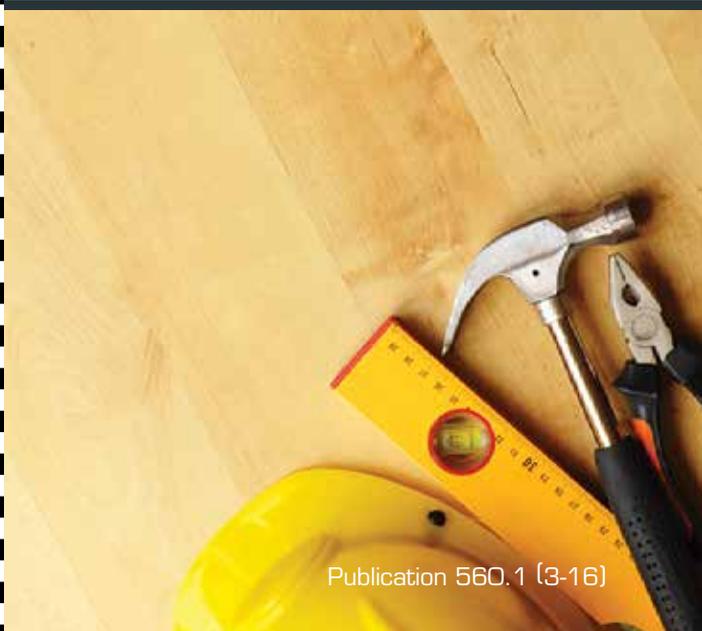


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CALIFORNIA STATE
BOARD OF EQUALIZATION

TAX HELP FOR CONSTRUCTION CONTRACTORS





California State Board of Equalization

GEORGE RUNNER

MEMBER, 1ST DISTRICT
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To be successful, construction contractors must understand and comply with many complicated and confusing tax laws.

Whether you owe sales or use tax on construction contracts depends on the type of contract and its terms, the type of property that is installed, and whether the property was purchased tax-paid.

The Board of Equalization wants to help you understand these laws so you can stay focused on serving your customers and growing your business.

Please review the information in this brochure and online. If you need further assistance, please email or call the phone number listed below.

500 Capitol Mall, Suite 1750
Sacramento, CA 95814
Telephone: 916-445-2181
Fax: 916-327-4003

TAX HELP FOR CONSTRUCTION CONTRACTORS

Do I need a seller's permit?

A seller's permit is required unless you furnish and install only materials under lump sum construction contracts.

What tax do I owe on lump sum contracts?

Under these contracts, tax is generally due on the purchase price of materials and cost price of fixtures. If you pay tax when you purchase these items, you will have no additional tax due to the BOE on these items unless the jobsite is in a location with a higher tax rate than you paid. You may still have reporting requirements even if no tax is due.

What tax do I owe on time and material contracts?

Generally, if you separately state the selling price for fixtures on your contracts, you will owe tax based on that selling price. If you charge sales tax on the separately stated marked up selling price of materials, you will owe tax based on that amount.

How do I find the correct tax rate?

Typically, you will use the tax rate in effect at the jobsite address. You can find the rate at boe.ca.gov/taxrate.

What types of records should I keep?

You must maintain all records necessary to determine your sales and use tax liability for at least four years. This includes contracts and purchase records.



The information in this brochure only covers a few situations you may encounter. Please call or mail back the card below to request assistance or receive more information.

I would like more information about tax help for **construction contractors**.

First Name

Last Name

Address

City/State/Zip

Daytime Telephone

Email

Cut this card on the dotted line, attach postage, and mail. Privacy Statement: Your contact information will not be shared unless required by law. It will only be used to periodically inform you of important issues.



boe.ca.gov/contractors