

Construction Industry Sales & Use Tax Flow Chart

Type of Contract

New Construction

Same for Commercial or Residential

Lump Sum Billing Contract

- **Sales**
 - No tax charged to customer
- **Purchases**
 - Must pay tax to vendor on material

Itemized Billing / Contract

- **Sales**
 - Charge tax on materials only.
 - No tax on labor
- **Purchases**
 - Issue resale certificate for materials

Repair / Remodel

Residential

Treat like new construction

Commercial

Lump or Itemized

- **Sales**
 - Charge tax on whole invoice amount
- **Purchases**
 - Issue resale certificate for materials
 - If you do pay the tax, seek a credit from the state

Change Orders

- Carries the same tax treatment as the prevailing documents