

Instructions for Submitting Requests for Sales Tax Reimbursement

The City of Winston-Salem is entitled to refunds from the State of North Carolina of certain sales and/or use taxes paid to the State of North Carolina. If the person, firm, or corporation (referred to as Contractor) that performs under contract with the City pays NC Sales Taxes, and those are Sales Taxes for which the State will grant a refund to the City, the Contractor is allowed to obtain reimbursement from the City by following the guidelines listed below:

- 1) **What Sales Taxes are Reimbursable?** Sales Taxes paid in North Carolina by the City's Contractors on purchases of building materials, supplies, fixtures and equipment which become a part of or are annexed to any building or structure being erected, altered or repaired under contract with the City; **and those taxes shall not be included in any bid amounts or the Contract sum.** Contractors shall include and must pay all other taxes imposed by governmental authorities which are applicable to the contract work. The Contractor must also pay any Sales Taxes for items not reimbursable by the State of NC (see 2 below). The Contractors bid price should include any and all taxes imposed for which he will not be reimbursed by the City.
- 2) **What Sales Taxes are NOT Reimbursable?** Examples of items on which sales and use tax has been paid by the Contractor and for which the Contractor will not be reimbursed by the City include, but are not limited to, scaffolding, forms for concrete, fuel for the operation of machinery and equipment, tools, equipment repair parts and equipment rentals, blueprints, etc, or any other items which do not become a part of or are not annexed to the building or structure being erected, altered, or repaired.
- 3) **How is a Contractor to be reimbursed for Sales Tax?** The Contractor must complete and submit an executed certification, as included in the contract documents, along with copies of applicable invoices to substantiate the information included on the certification. **If the State refuses to refund any such Sales Tax to the City, or if after a refund is made, the City is requested to return the refund to the State (both types referred to as "failed refunds"), the Contractor shall upon demand repay the City for the amount of the failed refunds.**
- 4) **When is a Contractor allowed to seek reimbursement?** Requests for sales tax reimbursements should be filed with the Engineering Division **with each request for Contract payment, or at the same time as the City Inspector submits quantities for payment, and within sixty (60) days of the date the item was purchased. All sales tax certifications requesting reimbursement should be made PRIOR to final payment on contract.**
- 5) **How are sales taxes paid by a SUBCONTRACTOR handled?** A subcontractor must follow the guidelines as listed above for the Contractor, the only difference being that the subcontractor must submit their certification and accompanying documentation to the Contractor for the Contractor to submit to the City, as stated above with the request for contract payment or at the same time as the inspector is submitting quantities for the project; and the refund payment will be made to the Contractor. The contractor is responsible for reimbursing the subcontractor.

UNDER NO CIRCUMSTANCES should a sales tax reimbursement be filed in one lump sum at the end of the project. The Contractor willfully forfeits reimbursement if submittal is not made within the specified time. (See Item #4)

It is the Contractor's responsibility to ensure that their Certification for Sales Tax Reimbursement is correct and that items are "affixed to, become a part of, or are connected to the project." **If a request includes ineligible items, the entire request will be returned to the Contractor for correction. The Contractor will then have two weeks to return a corrected form. If a properly completed form is not returned within that period of time, the Contractor willfully forfeits sales tax reimbursement for that time period (for those items.)**

LINE BY LINE INSTRUCTIONS FOR COMPLETING CERTIFICATE FOR NORTH CAROLINA SALES TAX:

Project or Contract Number: The name of the project, or the City Contract Number.

Date: The date the form was completed.

Trade: Your trade, e.g., electrical, plumbing, concrete contractor, etc.

Contractor: The name of your company.

Invoice Date: The date the materials were purchased.

Invoice Number: The vendor's invoice number.

Name of Vendor: The vendor's name.

Description of Materials: The type of materials purchased, e.g., concrete, nails, roofing material, etc.

Item Cost: The cost of the item(s) before any taxes are added.

State Tax: List the amount of State Sales tax paid on each invoice, as it was invoiced. It is the Contractor's responsibility to show the **correct** amount of sales tax paid by date. Please note that these rates are subject to change and if you are unsure you should consult the NC Department of Revenue website at <http://www.dornc.com/taxes/sales/taxrates.html>

County Tax: List the amount of County Sales Tax paid on the invoice as it was invoiced. Please note that these rates are subject to change and some counties charge a different rate. It is the Contractor's responsibility to enter the **correct** amount of sales tax paid by date. Individual County's tax rate changes may also be found at the N.C. Department of Revenues website at <http://www.dornc.com/taxes/sales/taxrates.html>

Total Invoice: The sum of the Item Cost, State Tax, and County Tax.

County Name: County where material was purchased and sales tax paid, e.g., Forsyth, Guilford, Davidson, etc.

The owner or an officer of the company must certify that the statement is correct. The signature should also be notarized.