CONSTRUCTION CONTRACTORS

• Includes

any person who acts solely in a professional capacity to improve real property by

Construction, Adding to, Altering, Remodeling, Repairing

NAC 372.190
The following are included in this group:

CONSTRUCTION CONTRACTORS

Subcontractor

Interior Decorator

Specialty Contractor

NAC 372.190
The term does NOT include:

- An employee
- A licensed architect
- A licensed professional engineer
- A manufacturer of
  - Modular homes
  - Sectionalized housing
  - Prefabricated homes

NAC 372.190(1)
A construction contract for improvement to real property is a contract for:

- erecting
- constructing
- affixing a structure to real property
- affixing other improvement on or to real property
- remodeling
- Altering
- Adding or repairing an improvement to real property

NAC 372.190(2)
May be formal or informal

Advertised contracts

Negotiated contracts

- Fixed price contracts
- Cost reimbursable contracts
- Lump-sum contracts
- Time and material contracts

NAC 372.190(2)
A construction contractor is considered a consumer of all tangible personal property purchased for use in improving real property.

A construction contractor is required to pay the tax on all material purchases that will be used in the construction job.

NAC 372.200
Tangible personal property purchased by a contractor for use in a government job is subject to the tax.

NAC 372.200(1)
A contractor may not enter into a contract for a public work claiming to be a constituent part of the governmental entity which sponsors or finances the public work.

A contract for a public work may be entered into provided that the contract requires the payment of any state/local taxes that would normally be due had the contract not been with a tax-exempt entity.

(AB 332, 2015 Legislation Session, effective 7/1/2015)
• If the public body is going to perform the public work itself, it is not required to pay any local or state taxes for the purchase and use of construction materials or goods.

(AB 332, 2015 Legislation Session, effective 7/1/2015)
CONSTRUCTION CONTRACTORS
Consumer Use Tax Return
• Construction contractors bid future jobs which include the current sales tax rate
• When the sales tax rate changes....

the construction contractor can apply for an exemption from the increased tax rate. Contractors must complete a Contract Summary Form and submit to the Department. Once approved, the contractor will be required to self-report the use tax at the former tax rate. Complete instructions and the form are available on the Department of Taxation’s website under “Common Forms”.

NRS 377B.110(6)
A construction contractor may be registered as a retailer.

As a retailer, the contractor may use a resale certificate for purchases, and report the tax when the materials are used in a job or sold at retail.

A retailer construction contractor may NOT use a resale certificate for purchases of tools or supplies which are used in the trade.
I hereby certify that I hold valid seller's permit number _______________ issued pursuant to chapters 372, 374 and 377 of the Nevada Revised Statutes, that I am engaged in the business of selling _______________________; and that the tangible personal property described in the second paragraph of this certificate, which I purchase from: ________________________________, will be resold by me in the form of tangible personal property. I further certify that in the event any of the property is used for any purpose other than retention, demonstration or display while I am holding it for sale in the regular course of business, it is understood that I am required by chapters 372, 374 and 377 of the Nevada Revised Statutes to report it and pay the tax measured by the purchase price of the property.

Description of the property to be purchased:

________________________________________________________________________

Purchaser________________________
Address__________________________

________________________________________________________________________

Signature of Authorized Purchaser

Dated___________________________
at______________________________
Fabrication labor is labor which results in the creation of tangible personal property.

Fabrication labor is taxable in a retail sale where no installation to real property is involved.

A contract for improvement to real property which includes fabrication and installation is not considered a retail transaction; the contractor is liable for tax on the materials only in such a transaction.

NAC 372.380
• Materials purchased out of state and delivered to Nevada for a Nevada job are subject to Nevada tax.

• Tax legitimately paid to other state is honored by Nevada; however, if the other state tax rate is lower than the Nevada rate, the difference is due to Nevada.

NRS 372.185, NAC 372.055
RECORDS TO BE KEPT

- Purchase invoices
- Sales journals
- General ledgers
- Job files
- Other records

» Must keep records for four (4) years

*NRS 372.735*
Most tax issues can be addressed by the Department of Taxation. Please be advised that any responses to inquiries made to the Department are only binding if put in writing, such as Nevada Revised Statutes, Administrative Code, Nevada Tax Notes, or in written correspondence.
Our offices are open Monday-Friday
8:00 AM – 5:00 PM

Contact our Call Center at 1-866-962-3707

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Grant Sawyer Office Building
555 E. Washington Avenue
Suite 1300
Las Vegas, NV 89101

OR
2550 Paseo Verde Parkway
Suite 180
Henderson, NV 89074

Carson City:
1550 College Parkway
Suite 115
Carson City, NV 89706-7937

Reno:
4600 Kietzke Lane
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Reno, NV 89502