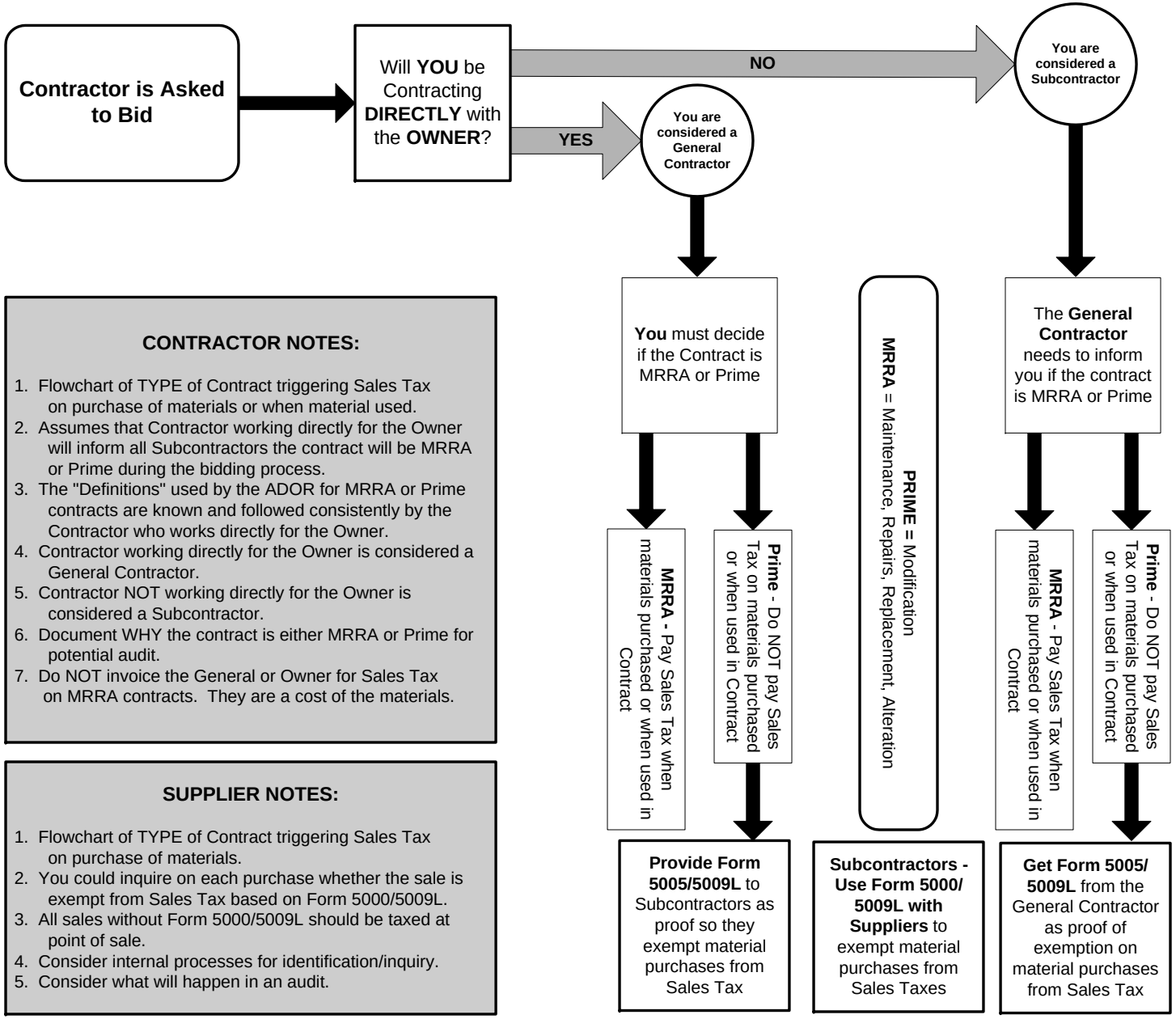
MORRISON, CLARK & CONOVER CPAs

www.morrisonclarkconover.com

Analysis of ADOR Sales Tax Changes Effective January 1, 2015 with Legislative Changes Expected to be Approved



CONTRACTOR NOTES:

1. Flowchart of TYPE of Contract triggering Sales Tax on purchase of materials or when material used.
2. Assumes that Contractor working directly for the Owner will inform all Subcontractors the contract will be MRRA or Prime during the bidding process.
3. The "Definitions" used by the ADOR for MRRA or Prime contracts are known and followed consistently by the Contractor who works directly for the Owner.
4. Contractor working directly for the Owner is considered a General Contractor.
5. Contractor NOT working directly for the Owner is considered a Subcontractor.
6. Document WHY the contract is either MRRA or Prime for potential audit.
7. Do NOT invoice the General or Owner for Sales Tax on MRRA contracts. They are a cost of the materials.

SUPPLIER NOTES:

1. Flowchart of TYPE of Contract triggering Sales Tax on purchase of materials.
2. You could inquire on each purchase whether the sale is exempt from Sales Tax based on Form 5000/5009L.
3. All sales without Form 5000/5009L should be taxed at point of sale.
4. Consider internal processes for identification/inquiry.
5. Consider what will happen in an audit.