



Georgia Branch
Associated General Contractors of America, Inc.

www.agcga.org

1940 The Exchange
Atlanta, GA 30339
678.298.4100
FAX: 678.298.4101

ALERT!

Sales & Use Tax Exemptions For Government Construction Projects December 2004

It has been a number of years since we last published any Alerts or Legislative Articles on Georgia's Sales & Use Tax Requirements for the construction industry. However, due to a large number of recent calls on Georgia's law regarding tax-exempt purchases made by government and installed by the private contractor, we felt it necessary to again advise the membership on your obligations and liabilities under the law.

Under Georgia law, a private contractor assumes the tax liability for equipment or material purchased by a governmental entity tax exempt, if they install said equipment or material. The law is very confusing because it provides an exception to this liability, if the project is a water, gas or sewer project.

We have received a number of calls recently from contractor members who are working on school projects where certain equipment (i.e. kitchen equipment) has been purchased tax-exempt by the school board and later installed by the contractor. *The Georgia Department of Revenue is currently focusing in on collecting this tax.*

AGC has been in contact with the Georgia Chapters of the American Institute of Architects (AIA) and American Council of Engineering Companies (ACEC) to advise their leadership of this law. We have also made contact with the new Director of Georgia Department of Revenue's (DOR) Taxpayer Services Division to express our concern with the lack of knowledge regarding this liability from the owner, designer and contractor communities.

AGC will post a copy of this Alert on our website www.agcga.org, along with a letter written by AGC to the DOR requesting clarification on this issue and DOR's response including a copy of the pertinent sections of Georgia Code. Please contact Mark Woodall at (678) 298-4116 or woodall@agcga.org at the Georgia Branch, AGC if you have any questions.