

Bid Factor Sheet

Contractors' excise tax is calculated on total gross receipts. Gross receipts are defined as the total amount received including, but not limited to, sales tax, contractors' excise tax, cost of materials, your labor and profit, owner-furnished material and any other expenses. Because the tax is included in your gross receipts, the department has developed a factor of 2.041% that can be used to calculate excise tax due when preparing a bid or bill for your customer. This factor allows you to recover the excise tax you will owe.

Note: The factor of 2.041% is used to prepare a bid or bill, however, a straight 2% rate is used when calculating the excise tax on the return.

Example 1: Prime contractor provides all material and labor. Contractor owes excise tax on their total receipts.

\$1,060.00	Material (including sales tax paid)
+ 1,000.00	Labor
\$2,060.00	Amount subject to excise tax
x 2.041%	Bid Factor
42.04	Excise tax due
\$2,102.04	Amount of Bill or Bid

Excise tax calculation on return for Example 1.

Gross Receipts (Line 1 and 5)	\$2102.04
2% Contractors' Excise Tax	x .02
Excise Tax Due (Line 5 x 2%)	\$42.04

Example 2: The owner furnishes material. The contractor provides the labor. Contractor owes excise tax on their receipts plus the cost of the owner furnished material.

\$1,060.00	Cost of owner furnished materials (sales tax was paid)
+ \$1,000.00	Labor
\$2,060.00	Amount subject to excise tax
x 2.041%	Bid Factor
42.04	Excise tax due
\$1,042.04	Amount of Bill or Bid (\$1,000 labor + \$42.04 tax)

Excise tax calculation on return for Example 2.

Gross Receipts (Line 1)	\$1,042.04
Owner Furnished Material (Line 2)	+1,060.00
Total Subject to 2% Contractors'	
Excise Tax (Line 5)	2,102.04
2% Contractors Excise Tax	x \$0.02
Excise Tax Due (Line 5 x 2%)	\$42.04

Example 3. The owner is a government entity, accredited school, nonprofit hospital, or relief agency. Material is furnished by the owner. No sales tax was paid on material by the exempt entity. The contractor owes use tax on the material and will owe excise tax on their receipts plus the owner furnished material.

\$1,000.00	Cost of owner furnished materials
\$60.00	Use tax due on above materials (4% state + 2% municipal tax)
<u>\$1,000.00</u>	Labor
\$2,060.00	Amount subject to excise tax
x 2.041%	Bid Factor for excise tax
<u>42.04</u>	Total excise tax due
\$1,102.04	Bill or Bid amount (\$1,000 labor + use tax + excise tax). This is the amount that goes on Line 1 of the excise tax return in Gross Receipts.

Excise tax calculation on return for Example 3.

Gross Receipts (Line 1)	\$1,102.04
Owner Furnished Material (Line 2)	+1,000.00
Total Subject to 2% Contractors'	
Excise Tax (Line 5)	2,102.04
2% Contractors Excise Tax	x \$0.02
Excise Tax Due (Line 5 x 2%)	\$42.04
Use Taxable (Line 6)	1,000.00
4% State Use Tax Due	\$40.00
2% City Use Tax Due	\$20.00
Total Tax Due	\$102.04