

Steps to separate contracting:

- Apply for a sales tax number for your construction company through the Texas Comptroller's office through their web site, which you will receive immediately through the website.
- Initially, sales tax is reported and paid quarterly. If reported amounts are more than \$1,500 during two calendar quarters, the comptroller requires monthly reporting and payment.
- Pay the sales tax through the comptroller's website.
- When you file the first return, specify Alton as the location of sales on which you pay sales tax.
- Report all of the sales as subject to Alton's jurisdiction, reporting 0 sales as subject to your company's physical location.
- Alton then collects the sales tax of 2%, and Texas collects 6.25%.
- All subcontractors who are contracted for material (as opposed to just labor, which isn't subject to sales tax) are given a Texas Sales and Use Tax Resale Certificate to furnish to their supplier upon purchase of their material.
- This enables them to make the purchase without paying the sales tax, as you will be reporting and paying the sales tax as the final reseller located in Alton.