



Nonresident Contractors Sales and Use Tax Requirements

This publication provides general information and is not meant to be a substitute for tax laws or regulations.

A contractor who has a bona fide place of business in West Virginia is considered to be a resident contractor. **The state of incorporation is irrelevant in making the determination of whether a contractor is a resident or nonresident of West Virginia.**

Use Tax

A non-resident contractor who brings into West Virginia materials and equipment to use in contracting activity is responsible for a 6% use tax on these items. The use tax on tangible personal property brought into West Virginia for use in contracting is imposed based on the amount of time the property is in West Virginia, not the time of actual use by the contractor.

Contracting includes only those alterations, repairs, improvements, and decorations to real property and structures that constitute capital improvements. For further information on what constitutes a capital improvement, see [TSD-310](#), "The Capital Improvement Rule".

$$\text{Original Purchase Price of the Materials} \quad \times \quad \frac{\text{Duration of time property is in WV}}{\text{Total useful life of property}}$$

A credit is allowed against the use tax due for any sales tax paid on the property in another state. Property placed into "substantial use in another state" before being brought into West Virginia for use in contracting activity is excluded from use tax. "Substantial use in another state" means the property was used by the taxpayer outside West Virginia 75% or more of the useful economic life of the property determined at the time the property was first purchased or leased by the taxpayer.

Registration and Bonding Requirements

Every contractor who engages in contracting activity in West Virginia is required to obtain a business registration certificate before starting work in West Virginia. The contractor must have a copy of the certificate available at every construction site in West Virginia until the work is completed. To register with the West Virginia Tax Division, a contractor must complete the West Virginia New Business Registration Application ([Form WV/BUS-APP](#)) or register online with the Secretary of State at [Business4WV.gov](#).

If the contractor's business address is located outside the border of West Virginia, then they are considered a nonresident contractor. **A nonresident contractor is required to post either a cash bond, a corporate security bond, or an umbrella corporate surety bond,** to guarantee the payment of any sales and use tax due.

1. **Cash Bond:** A cash bond requires Form [CST-283](#) and a deposit of six percent (6%) of the gross value of the contract to be held in the Contractors Use Tax Fund. Once the contract is completed and the actual amount of sales and use tax due on the contract is determined, the contractor must submit sufficient proof that the sales and use tax has been paid before refund of the cash bond.
2. **Corporate Surety Bond:** A corporate surety bond requires Form [CST-282](#) with a corporate surety qualified to do business in West Virginia in order to be approved by the Tax Commissioner as to the form, sufficiency, value, and amount. The amount of the corporate surety bond required will depend on the gross value of the contract, the amount of the taxable component of the contract, and the taxpayer's past record of compliance and timeliness in making tax payments.
3. **Umbrella Corporate Surety Bond:** For nonresident contractors in West Virginia on an intermittent basis, an umbrella corporate surety bond can be posted using Form [CST-282](#). This bond can be for several contracts or all contracts executed within a certain period. In order to post an umbrella corporate surety bond, the contractor must have a prior tax payment history with the West Virginia Tax Division and be accompanied with a corporate surety qualified to do business.

Within thirty (30) days, nonresident contractors must also file form [CST-284](#)—an itemized statement of machinery, materials, supplies and equipment that will be used to perform their contract. [CST-284](#) should list the type and amount of equipment and materials and where the property is coming or came from. Only equipment, materials and supplies on which the West Virginia sales and use tax has not been paid should be included in the list. Any sales or use tax due on the equipment, materials or supplies should be paid at the time the itemized statement is filed. Severe civil and criminal penalties may be imposed for failure to comply with these registration requirements.

For more information, you can:

- Call a Taxpayer Services Representative at (304)558-3333 or toll-free at (800) 982-8297
- Email taxhelp@wv.gov
- Go Online to tax.wv.gov