

**New York State Department of Taxation and Finance  
Taxpayer Services Division  
Technical Services Bureau**

TSB-M-81(17)  
Corporation Tax  
Income Tax  
Miscellaneous Tax  
Sales Tax  
August 28, 1981

1981 Legislation

Safeguarding Taxes Due From Foreign Contractors

Chapter 196 of the Laws of 1981, enacted June 9, 1981, amends section 38 (7)(f) of the Highway Law and section 30(7)(e) of the Canal Law to provide for the safeguarding of taxes due the State of New York from foreign contractors who have come into the State to work on State highway construction projects or who do maintenance or repair work on the State canal system.

Accordingly, for contracts awarded on or after August 8, 1981, no payment, partial or final, shall be made to a foreign contractor for any work done for the State, unless he has furnished satisfactory proof of payment of taxes due by him to the Tax Commission. A certificate from the State Tax Commission to the effect that all of a contractor's taxes have been paid will serve as conclusive proof, for purposes of obtaining payment for work done for the State.

The taxes which may be due from the contractor and are safeguarded by this provision, and the articles of the law authorizing these taxes are:

Articles 9, 9-A -- New York State Franchise and Other Corporate Taxes

Article 12-A -- New York State and Local Motor Fuel Taxes

Articles 16, 16-A, 22, 23, 30 -- New York State Personal Income and Unincorporated Business Income Taxes and New York City Personal Income Tax

Article 21 -- New York State Highway Use Taxes

Articles 28, 29 -- New York State and Local Sales and Use Taxes

Article 2-E -- General City Law (City Earnings Tax on Nonresidents)

For purposes of this amendment, the term "foreign contractor" is defined as follows:

Individual -- a person who is not a resident of New York State

Partnership -- one in which one or more partners are not New York State residents

Corporation -- one not organized under the laws of New York State