

Construction Contracts with State or Local Government Agencies

13**Withholding Fact Sheet 13****Fact Sheet**

No state agency or local unit of government can make final payment to a contractor until the Department of Revenue has certified that the contractor and any subcontractor have fulfilled the requirements of Minnesota withholding tax laws.

This fact sheet explains how the contractor and subcontractor must submit a Contractor Affidavit to the department to receive a Certificate of Compliance.

Other laws may also apply to construction contractors. See Withholding Fact Sheet 12, Surety Deposits for Non-Minnesota Construction Contractors for more information.

Contractors and Subcontractors

The terms “contractor” and “subcontractor” are limited to those who supply labor, or a combination of labor and materials for specific construction, repairs, rehabilitation or improvements. The terms do not include dealers, merchants, suppliers or contractors who only supply materials.

If you are a prime contractor, contractor or subcontractor who does work on a project for the state of Minnesota or any of its local government subdivisions—such as a county, city or school district—you must file a Contractor Affidavit with the department.

If the department determines you have fulfilled the requirements of the Minnesota withholding tax laws, you will receive a Certificate of Compliance, or the electronic equivalent. Provide a copy of the certified Contractor Affidavit to the governmental unit for which you did the work to receive your final payment.

How to File a Contractor Affidavit

Once you finish your work, you may submit your Contractor Affidavit either electronically or by mail.

Before your Contractor Affidavit can be approved, all your withholding returns must be filed and all payments due to the department must be made for the period of the contract.

If you owe withholding tax, you must make your payment by certified funds before we can certify your Contractor Affidavit.

Electronically. To receive the results instantly, submit your Contractor Affidavit electronically. Go to www.revenue.state.mn.us and enter Contractor Affidavit in the Search box.

If your Contractor Affidavit is approved, you will receive a confirmation. Print and keep the confirmation page for your records. Give a copy of the confirmation page to the governmental unit or the prime contractor that hired you to receive your final payment.

If your Contractor Affidavit is denied, the reason will be provided.

By mail. If you don't have internet access, complete Form IC134, *Contractor Affidavit*, and mail it to the department at the address provided on the form. This Contractor Affidavit must be certified and returned by the department before the state or any of its subdivisions can make a final payment for your work.

If you have fulfilled the requirements of Minnesota withholding tax laws, we will sign your Contractor Affidavit and return it to you.

When you receive your certified Contractor Affidavit, give it to the governmental unit or prime contractor that hired you to receive your final payment.

State and Local Governmental Units

When a contractor or subcontractor gives you a certified Contractor Affidavit upon completion of their work, you should review it for accuracy.

The electronic Contractor Affidavit confirmation should have a confirmation number, and the date and time it was processed. The paper Form IC134 should be stamped and dated at the bottom by the department. The dates the work began and ended should correspond to the period the contractor's workers were actually working on the job. All subcontractors should be listed on the prime contractor's Contractor Affidavit.

Information and Assistance

Additional forms and information, including fact sheets and frequently asked questions, are available on our website.

Website: www.revenue.state.mn.us

Email: withholding.tax@state.mn.us

Phone: 651-282-9999 or 1-800-657-3594

This information is available in alternate formats.