

# Important Notice to General Contractors

All city contracts contain a clause requiring you and all of your subcontractors to be in compliance with the City tax code.

Every year, the City holds up payments to general contractors because a subcontractor is not in compliance. Federal, state and local confidentiality laws prevent the Income Tax Division from releasing the name of the non-compliant subcontractor to the general contractor.

Therefore, to prevent you from having your payments held up because of the actions of a subcontractor, the Income Tax Division suggests that you require all of your subcontractors to provide you with letters of good standing from the City of Columbus Income Tax Division prior to awarding the contract. Letters of good standing can only be issued directly to the subcontractor, who will then need to show you the letter (we recommend that you require an original letter and not a copy).

Letters of good standing are only good through the date of the letter. If there is a significant amount of time between the award of the contract and commencement of the subcontract work, you may want to require a letter of good standing when you award the subcontract, and another just before the subcontractor begins working on the job. If the subcontractor will be working on a job for an extended period of time, you might want to require semi-annual letters of good standing.

Should you end up having a payment held up by the City because of a non-compliant subcontractor, you should immediately request that all of your subcontractors provide you current letters of good standing.