

Centralized Procurement Contract Fee (CPCF)
Frequently Asked Questions (FAQs)
March 2009

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1. What is the centralized procurement contract fee (CPCF)?

The CPCF is a fee paid by contractors awarded centralized contracts for commodities, services or technology administered by the Office of General Services. The fee is one half of one percent (.005 or .5%) of the price to be reported through a quarterly return filed and paid electronically with the Department of Taxation and Finance. The CPCF is payable for centralized contracts resulting from bids issued on or after July 1, 2008 that include the Procurement Contract Fee language.

2. What is the legal authority for imposition of the fee?

The legal authority for imposition of the fee is State Finance Law §163-c, added by Part F of Chapter 56 of the Laws of 2008.

3. When does the fee become effective?

Except for certain small business, the fee applies to OGS bids for centralized contracts issued on or after July 1, 2008. The fee applies to OGS bids for centralized contracts issued on or after October 1, 2008 for 'small businesses' that are:

- Resident in New York State
- Independently owned and operated
- Not dominant in their field, and
- Employing one hundred or fewer persons

4. Who is an authorized user of a centralized procurement contract?

An Authorized User is defined as agencies, or any other entity authorized by the laws of the State of New York to participate in NYS centralized contracts (including but not limited to political subdivisions, public authorities, public benefit corporations and certain other entities set forth in law), or the State of New York acting on behalf of one or more such agencies or other entities, provided that each such agency or other entity shall be held solely responsible for liabilities or payments due as a result of its participation. <http://www.ogs.state.ny.us/purchase/snt/othersuse.asp>

5. Do authorized users pay the CPCF in addition to the price listed by the Office of General Services (OGS) centralized contractor?

No. The price authorized users pay the contractor when they purchase commodities, services or technology from applicable centralized contracts includes the CPCF.

6. Do all centralized contracts include the CPCF?

No. The following types of contracts may be exempted from the CPCF:

- Federal contracts
- Other public jurisdictions' contracts
- Multi-state contracts
- Certain schedules adopted by the state, or
- Centralized contracts where a contract requirement includes an administrative fee.

The fee is not included on centralized contracts resulting from **bids issued** by OGS prior to July 1, 2008.

7. Should a contractor report sales and remit the fee if sales/fees for a particular contract are zero?

Yes. The law requires contractors to file quarterly returns to the Department of Taxation and Finance when no sales occurred under a centralized contract. The contractor must show "zero" on both the OGS quarterly sales reports and the Department of Taxation and Finance return. If the contractor holds multiple centralized contracts and made no sales under any of the contracts during a quarter, the contractor must file a zero return with the Department of Taxation and Finance.

8. Should a contractor report sales and remit a fee if sales for a particular contract are small?

Yes. The contractor must report sales and remit the fee to the Department of Taxation and Finance for all sales under centralized contracts held by the contractor where the CPCF is applicable. Contractors must also report quarterly contract sales to OGS.

9. What if the contractor fails to collect the CPCF from the purchasing agency?

The contractor's contract price includes the fee. Authorized users do not separately collect the fee.

10. When do contractors pay the CPCF?

Contractors pay the fee quarterly and remit it electronically to the Department of Taxation and Finance on or before the 45th day following the last day of each standard calendar quarter.

11. What are standard calendar quarters?

The respective calendar quarters are January 1 - March 31, April 1 - June 30, July 1 - September 30, and October 1 - December 31.

The CPCF is included in applicable OGS bids for centralized contracts issued on or after July 1, 2008. The first quarterly reporting period for contracts issued resulting from these bids will be from July 1 – September 30, 2008. The first fee payment for contracts awarded during this quarter is due no later than November 14, 2008.

12. How is the CPCF calculated?

Contractors pay the Department of Taxation and Finance a fee equal to one-half of one percent of the total sales made to authorized users under applicable centralized contracts awarded by OGS for the calendar quarter. The total sales are reported through sales reports to OGS. The formula used for calculating the fee is: total sales x .004975 = fee.

13. Where can contractors obtain information regarding the CPCF?

Information regarding the CPCF can be found on the OGS website at <http://www.ogs.state.ny.us/purchase/ProcurementContractFee.asp>. Online Tax Center registration information can be obtained at www.tax.state.ny.us/nys/home/online.htm. Additional CPCF Web filing information will be available once you register on the Online Tax Center.

14. What is the process for paying the CPCF electronically?

Contractors must electronically remit fees due to the Department of Taxation and Finance (Tax Department). Prior to the due date for making the initial CPCF payment, contractors must register on the Department of Taxation and Finance Online Tax Center at www.tax.state.ny.us/nys/home/online.htm

Login to the Online Tax Center and select the link to CPCF Web File. Complete the return by providing the appropriate sales amounts; the CPCF will be automatically calculated. Authorize the electronic payment by providing bank account information for a checking or savings account on the screen provided. The Tax Department will initiate an ACH debit from the account for the amount authorized, and will not debit the account for more than that amount.

It is recommended that you contact your bank and make sure that your bank account does not have a debit block. If your bank account has a debit block, you will need to provide the following information to your bank to allow ACH debits for your Centralized Procurement Contract Fee payments.

Company Name: OGSP-NYS DTF
Company ID: 1789868510

15. Does the CPCF apply to sales made to State agencies and Local governments?

Yes. The CPCF applies to all sales made under applicable OGS centralized contracts to authorized users. That term includes state agencies and local governments. See Question 4.

16. What is the definition of a sale?

The contractor must maintain a consistent accounting method of sales reporting based on the contractor's established commercial accounting practice. This practice should be the determining factor on when the contractor reports sales and may include but need not be limited to:

- Receipt of order
- Shipment or delivery
- Issuance of an invoice
- Payment

17. Does the CPCF apply to minibids issued under the OGS centralized backdrop contracts?

Yes. The CPCF applies to minibids issued under the OGS centralized backdrop contracts that include the CPCF language.

18. Why should local governments and other authorized users use the OGS centralized contracts and pay the CPCF instead of contracting directly?

The benefits an authorized user receives from using OGS centralized contracts are numerous and valuable, particularly when compared to the cost of each authorized user's staff time and effort required to procure commodities, services or technology:

- *Competition:* New York State statutory competitive bidding requirements have been met.
- *Volume purchase prices:* OGS has provided discounts based on purchases of anticipated large volumes by authorized users.
- *Expedited delivery:* Prices generally include delivery. Many items can be delivered overnight or within two days.
- *Easy payment options:* OGS contractors generally accept the procurement card.
- *Saves time and money:* Centralized Contracts save authorized users time, money and administrative costs.
- *Additional price reductions:* Authorized users generally may request additional price reductions beyond the discounted contracted prices.
- *Low minimum order limitations:* Authorized users generally can place an order for low dollar amounts.
- *Socioeconomic goals:* OGS contract orders may be used to meet an authorized user's MWBE goals.

- *Choice of products:* Authorized users have access to thousands of contract products and some services.
- *Environmental compliance:* OGS contracts provide environmental “green purchasing” benefits.
- *Customer service:* OGS offers authorized users assistance as needed in using centralized contracts.
- *Terms and conditions:* OGS Contracts provide performance and risk protections to authorized users.

19. What is the procedure for correcting erroneously reported gross sales and/or returned merchandise?

a. If gross sales were over reported:

- If gross sales **will be reported** in this or future quarters:
Reduce the reported gross sales this quarter and any future quarters for the amount of the overpayment or returned item’s price according to the Generally Accepted Accounting Principles (GAAP) or Government Auditing Standards (GAS) rules.
- If gross sales **are not anticipated** in this or future quarters
i.e....closed business -
Send a written request for a refund with the legal company name, address, EIN, and day-time phone number to:

Department of Taxation and Finance
Miscellaneous Tax – OGS Procurement Fee
Building 8, Room 600
W A Harriman Campus
Albany, NY 12227

Provide a full explanation of your refund claim, including all facts on which the claim is based, along with copies of all substantiating documentation. In addition, the claim must be signed by an owner, partner or authorized official of the company seeking the refund. Note: Refund claims without supporting documents or the proper signature(s) cannot be processed and will be returned to the claimant.

b. If gross sales were under reported:

Increase the reported gross sales for the current quarter for the amount of the under reported gross sales. File a return reporting under reported gross sales even if there are no sales to report and do not anticipate having any sales in this or future quarters
i.e....closed business.