

STATE OF NEW YORK

4301

2019-2020 Regular Sessions

IN SENATE

March 7, 2019

Introduced by Sen. RANZENHOFER -- read twice and ordered printed, and
when printed to be committed to the Committee on Budget and Revenue

AN ACT to amend the tax law, in relation to the use of fulfillment
services of certain persons

The People of the State of New York, represented in Senate and Assem-
bly, do enact as follows:

1 Section 1. Section 208 of the tax law is amended by adding a new
2 subdivision 13 to read as follows:

3 13. The term "fulfillment services" shall mean any of the following
4 services performed by an entity on its premises on behalf of a purchas-
5 er:

6 (a) the acceptance of orders electronically or by mail, telephone,
7 telefax or internet;

8 (b) responses to consumer correspondence or inquires electronically or
9 by mail, telephone, telefax or internet;

10 (c) billing and collection activities; or

11 (d) the shipment of orders from an inventory of products offered for
12 sale by the purchaser.

13 § 2. Subdivision 2 of section 209 of the tax law, as amended by
14 section 5 of part A of chapter 59 of the laws of 2014, is amended to
15 read as follows:

16 2. A foreign corporation shall not be deemed to be doing business,
17 employing capital, owning or leasing property, or maintaining an office
18 in this state, or deriving receipts from activity in this state, for the
19 purposes of this article, by reason of (a) the maintenance of cash
20 balances with banks or trust companies in this state, or (b) the owner-
21 ship of shares of stock or securities kept in this state, if kept in a
22 safe deposit box, safe, vault or other receptacle rented for the
23 purpose, or if pledged as collateral security, or if deposited with one
24 or more banks or trust companies, or brokers who are members of a recog-
25 nized security exchange, in safekeeping or custody accounts, or (c) the

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 taking of any action by any such bank or trust company or broker, which
2 is incidental to the rendering of safekeeping or custodian service to
3 such corporation, or (d) the maintenance of an office in this state by
4 one or more officers or directors of the corporation who are not employ-
5 ees of the corporation if the corporation otherwise is not doing busi-
6 ness in this state, and does not employ capital or own or lease property
7 in this state, or (e) the keeping of books or records of a corporation
8 in this state if such books or records are not kept by employees of such
9 corporation and such corporation does not otherwise do business, employ
10 capital, own or lease property or maintain an office in this state, or
11 (f) the use of fulfillment services, provided receipts, including
12 receipts pursuant to such services, do not exceed the threshold set by
13 paragraph (b) of subdivision one of this section, of a person other than
14 an affiliated person and the ownership of property stored on the prem-
15 ises of such person in conjunction with such services, or (g) any combi-
16 nation of the foregoing activities. For purposes of this subdivision,
17 persons are affiliated persons with respect to each other where one of
18 such persons has an ownership interest of more than five percent, wheth-
19 er direct or indirect, in the other, or where an ownership interest of
20 more than five percent, whether direct or indirect, in the other, or
21 where an ownership interest of more than five percent, whether direct or
22 indirect, is held in each of such persons by another person or by a
23 group of other persons which are affiliated persons with respect to each
24 other. The term "person" in the preceding sentence and in paragraph (f)
25 of this subdivision shall have the meaning ascribed thereto by subdivi-
26 sion (a) of section eleven hundred one of this chapter.

27 § 3. This act shall take effect January 1, 2020 and shall apply to
28 taxable years commencing on or after such date.