

New Vendor Set Up for Banner Finance

Policy 501.14

1 Introduction

1.1 The purpose of this policy is to provide guidance to set up new payees in the Banner Finance system.

2 Scope

2.1 This policy applies to university employees who are in contact with payees who are paid through Banner Finance Accounts Payable. Entities that this applies to include Individual/Sole Proprietors, Corporations, Partnerships, LLCs, and others specified by the IRS. By obtaining a Vendor Information Form or W-9, the University is better able to monitor our compliance with State tax laws. All University employees and departments that seek to acquire goods and or services from a U.S. based individual/sole proprietor, corporation, partnership, LLC, or other entity specified by the IRS. All U.S. based entities doing business with Appalachian State University.

3 Definitions

3.1 IRS

Internal Revenue Service

3.2 IRC

Internal Revenue Code

4 Policy and Procedure Statements

4.1 Policy Text

4.1.1 Beginning January 1, 2010, all U.S. based entities who establish a business relationship with Appalachian State University must have a completed and signed Vendor Information Form or W-9 form on file with Accounts Payable.

4.1.2 The Controller's Office has, per IRS guidelines, created the Vendor Information Form as a Substitute W-9 form.

4.1.3 The W-9 or Vendor Form must be received by the Controller's Office prior to any payment for goods and/or services. Continued failure to accurately complete this form could subject certain payments to 28% withholding in addition to penalties from the IRS.

4.1.4 The only exceptions where a form is not required are for payees receiving reimbursements, University employees including students receiving expense reimbursements, nonresident aliens (W8 BEN may be requested), foreign entities (W8 BEN may be requested), and entities receiving refunds.

4.1.5 The Controller's Office may ask campus departments for assistance in obtaining forms when necessary. Campus departments often have accurate contact information and have in many cases previously established a working relationship with the vendor prior to the time payments are due.

4.1.6 Depending upon the nature of the payment, the aggregate amount of the payments for a calendar year, and the tax status of the vendor, the University may issue a form 1099M at the end of the calendar year in which the payment or payments were made. Additionally, the IRS requires the University to transmit annually an electronic file that details all taxable vendor payments made during that calendar year, which exceed \$600.00 in the aggregate.

4.1.7 The university is required to notify a person about the mandatory or voluntary nature of Social Security Number disclosure under applicable federal law. The Vendor Information Form includes the disclosure statement for the purpose of requests made under this policy. If the IRS Form W9 is used, a separate Disclosure Statement must be completed. The Disclosure Statement

template can be found on the [Electronic Forms](#) page.

4.2 Basis for Policy

4.2.1 This policy supports the University compliance with IRS regulations concerning the issuance and accuracy of annual tax statements to vendors in addition to ensuring that:

1. IRS reporting requirements are being met. Certain types of payments made to vendors must be reported to the IRS. Having a signed Vendor Information Form or W-9 on file allows the University to report the correct combination of Tax Identification Number (TIN) and name, thus avoiding IRS penalties.
2. Evidence of validity is documented. Having a signed Vendor Information Form on file is considered evidence that the payee is a valid individual or business. This helps the University to make appropriate payments to legitimate entities.

4.3 Primary Laws and Regulations

4.3.1 This policy primarily responds to the IRC and related regulations of the IRS governing the taxation and reporting responsibilities of U.S. based entities. On an annual basis, the University must issue 1099 tax statements to all eligible vendors regarding payments from the University. The University must also transmit a file to the IRS with accurate data pertaining to those vendors, including Name, Address, Tax Identification Number and Gross Income.

4.3.2 In addition to the IRC, the State of North Carolina has tax laws that require withholding for certain types of payments.

4.4 Exclusions

4.4.1 A Vendor Information / W-9 form is not required for the following:

1. Payees receiving reimbursements
2. Employees of the University, including students, receiving expense reimbursement
3. Nonresident Aliens or Foreign Entities (may be required to file W-8BEN)
4. Refunds

4.5 Forms

4.5.1 The Vendor Information Form can be found on the [Electronic Forms](#) page.

4.5.2 The IRS Form W-9 with instructions can be found at <http://www.irs.gov>.)

4.5.3 The Disclosure Statement template can be found on the [Electronic Forms](#) page.

4.5.4 For more information please contact the Controller's Office at 828-262-2110

5 Additional References

[IRS Form W-9](#)

6 Authority

[26 U.S.C. 6041](#)

[N.C. G. S. § 105-154](#)

[Office of State Controller, Tax Compliance](#)

7 Contact Information

Controller's Office, Business Affairs Annex - 828-262-2110

8 Original Effective Date

February 17, 2012

9 Revision Dates

April 5, 2013

September 18, 2012