

PAYABLE ACCOUNTING

VENDOR PAYMENTS – REPORTABLE ON FORM 1099-MISC OR NOT?

REPORTABLE PAYMENTS - *IF THE VENDOR IS NOT INCORPORATED OR TAX-EXEMPT*.....

1. Compensation for personal and/or professional “services” (including parts & materials used in performing service)
2. Rental fees (e.g., equipment, building space, lodging, banquet rooms, booth space, etc.)
3. Copyright, license, and royalty fees
4. Catering
5. Registration fees for conferences, training, workshops, etc.
6. Membership dues
7. Honorariums, speaker fees, entertainment, etc.
8. Transportation (e.g., airfare, taxi, motor coach, etc.)
9. Merchandise that is **custom-made** or contains CMU logo
10. Advertising – where the ads are “created” by the vendor (e.g., display ads, billboards, etc.)
11. Payments for medical/healthcare and legal services **regardless of whether or not the entity is incorporated**
12. Gross proceeds paid to an attorney or law firm **regardless of whether or not they are incorporated** (e.g., legal settlement or garnishment payment)

NOTE: The Substitute Form W-9 IS required because the type of payment is considered taxable and reportable and it MAY need to be reported on Form 1099-MISC.

NON-REPORTABLE PAYMENTS.....

1. Expense Reimbursements to non-employees/students substantiated by original receipts – where required
2. Utilities (e.g., telephone, gas, electric, cable, etc.)
3. Merchandise -when no service, such as installation, training, technical support, customizing, etc., is included in the purchase
4. Freight
5. Subscriptions
6. Rental of “storage units”
7. Food/Meals purchased that are not catered and not part of a banquet, workshop, etc.)
8. Classified ads and T.V. or radio promotional ads where ads are “created”/ provided by CMU and vendor just runs the ads
9. Scholarships
10. Software – when no software support is provided or where no annual renewal fee is required to continue using software
11. Payments made to a school, college, university, church, or other recognizable tax-exempt entity
12. Payments to a corporation – with the exception of payments for medical/healthcare and legal services and gross proceeds paid to an attorney or law firm

NOTE: The Substitute Form W-9 is NOT required because the payment is not reportable on Form 1099-MISC.

SUBSTITUTE FORM W-9 Request for Taxpayer Identification Number & Certification

1. The Substitute Form W-9 serves to collect the following information:
 - a. Type of business entity – which is used to determine whether or not payments to the vendor could be reportable on a 1099-MISC.
 - b. Taxpayer identification number (TIN) of the vendor - which would be a social security number (SSN) for individuals and sole-proprietors and an Employer ID number (EIN) for all other entities.
 - c. Certification from the vendor that 1.) The TIN provided is correct, 2.) They are exempt from backup withholding tax (which means exempt from 1099 reporting), and 3.) They are a U.S. person (including a U.S. resident alien).
2. The Substitute Form W-9 is NOT valid if completed by a non-resident alien person. Non-resident alien person for IRS purposes is any foreign entity (e.g., foreign individual, foreign company, etc.).
3. You should obtain a completed Substitute Form W-9 when initiating any transaction with a new vendor that could be reportable on a 1099-MISC. The Substitute Form W-9 is available on the Payables web page which is accessed through Contracting & Purchasing Service’s web page at: www.purchasing.cmich.edu.
4. If a vendor (excluding foreign vendors) is incorporated, other documentation is sometimes acceptable in lieu of the W-9 form, such as a copy of a signed contract or invoice showing “incorporated”, “corp”, “corporation” or “INC”, or information from the vendor’s web page.
5. If the vendor provides CMU with the IRS Form W-9, it MUST be the **current version**, which has a revision date of **10/2007**. The IRS Form W-9 is available on our web site at: http://www.purchasing.cmich.edu/frametemp/payables_main.html, under FORMS.

WHEN IN DOUBT – PLEASE DO NOT HESITATE TO CALL PAYABLE ACCOUNTING AT 7369 !!