Can a Student Organization/Group Be Paid for Working On Campus?

First of all, compensation for services is reportable either on a W-2 for employees, or on a 1099-MISC for independent contractors. This means the payee MUST have a taxpayer identification number (TIN), whether the payee is an individual, a business or an organization. In the case of a business or an organization, the TIN would be an employer ID number (EIN).

Since student organizations/groups (including Registered Student Organizations) are a completely separate entity from CMU, they are NOT covered under CMU’s tax-exempt status or taxpayer identification number (EIN).

Therefore, student organizations must apply to the IRS for their own EIN, if they want to work on campus. Please note that, unless the student organization also files paperwork with the IRS to be recognized as a tax-exempt organization, a 1099-MISC would be issued to them if paid $600 or more (for services provided) during the tax year.

If a student organization does NOT have a EIN, we cannot process a payment to them for services performed by individual members of the organization – even if payment is in recognition of “volunteered” services. The individual members that worked (or volunteered their services) would need to be hired and paid as student employees.

A student organization should also have an EIN to receive payment for a prize or award, as the payment could be reportable on a 1099-MISC. However, an EIN is not required to process a payment to reimburse expenses to a student organization as long as original receipts are provided with the request.

A “Tax Information” fact sheet for student organizations is available on our web page. Go to www.purchasing.cmich.edu, click on the Payables tab, and the Tax Information is located under the Payables menu on the left. The information includes basic instructions on how to apply for an EIN (i.e., by phone, by fax or by mail) and a link to the IRS web site.

If you have questions, please contact our office at 7369.

**FYI’S AND REMINDERS**

1. When submitting a request to reimburse a non-employee or student for travel meals: 1.) there must be an overnight stay or meals are taxable, 2.) travel must take place within a certain time period or some meals may not qualify for reimbursement, and 3.) meals and associated tips are reimbursed at per diem (receipts not required) or actual cost (receipts required) – whichever is less. Meal Reimbursement requests submitted for actual cost that exceeds per diem will be reimbursed at the per diem rate. See the CMU Travel Policy if you have questions (www.controller.cmich.edu).

2. Anytime you enter into an arrangement with a vendor to provide services to your department there should be a signed contract or written agreement. Agreements with corporations, partnerships and limited liability companies must be processed as contracts directly through Purchasing. If the agreement is with an individual (which includes sole-proprietor of a business), you must complete an independent contractor (IC) questionnaire and submit it to Human Resources for review. If approved as an IC, the next step it to get a signed contract with the individual (a copy of questionnaire and contract must still work with the individual to develop a contract). (See Short Form Contract under “Find It Here!!” on back page.)

3. You are not required to complete an independent contractor questionnaire for the following service providers: athletic game officials, persons paid to provide entertainment at an event, guest speakers, professional athletes, announcers / commentators for athletic events, and academic program reviewers, as long as they meet the following requirements: 1.) is NOT an employee of CMU, 2.) is NOT an on-campus student, 3.) is at least 18 years of age, 4.) is eligible to work in the U.S., and 5.) is eligible to be employed by CMU. HOWEVER, the hiring department must still work with the individual to develop a contract. (See Short Form Contract under “Find It Here!!” on back page.)

4. A signature stamp or a person’s initials are not acceptable for approval on a payment request. Please provide full signature when approving a voucher and/or invoice for payment to avoid a delay in processing your request.

5. Payments are processed from invoices not monthly statements. If sending a statement over with the invoice(s), please put approval signature and account information directly on the invoice(s) and not the statement. Payment requests are, generally, processed within 7 to 10 business days from the date the paperwork is received in Payable Accounting – if there are no problems with the paperwork.
1. **Revised Expenditure Policy** – a list of allowable expenditures and the appropriate purchasing methods (effective October 7, 2002 and last revised October 1, 2004). Available on the Purchasing Services website at: [www.purchasing.cmich.edu](http://www.purchasing.cmich.edu), click on the Purchasing tab, and the expenditure policy is located under the Purchasing menu on the left.

2. **Payables check run dates** – a monthly calendar of payables check run dates and important deadlines for 2005 is available on our web page. Access Purchasing Services website, click on the Payables tab, and the Check Run Dates are located under POP STOPS.

3. **Short Form Contract** - an “on-line” CMU approved contract that can be used when hiring independent contractors such as Guest Speakers, Presenters, Athletic Officials, and Performers. From Purchasing Services website, go to POP STOPS, click on Independent Contractor, then click on Short Form Contract.

4. **Direct Delivery Form** – on-line form that needs to be completed to notify Central Receiving anytime merchandise on a Purchase Order is “received” or “returned” directly by a department – rather than by Central Receiving. (On-line confirmation is received for all direct delivery forms successfully submitted to Central Receiving). Access Purchasing Services website, go to POP STOPS, click on Forms, and the direct delivery form is located under On Line Forms.

5. **Substitute W-9 Form** - a form used to collect the tax status and/or taxpayer ID number for a vendor (payee) in order to determine if CMU must report payments made to the vendor (payee) on a 1099-MISC. From Purchasing Services website, go to POP STOPS, click on Forms, and the W-9 Form (and instructions) are located under Payable Accounting Forms. (Also available on Payables web page under Forms.)

6. **CMU's Tax Exempt Status in Other States** – some departments may not be aware that CMU is not exempt from sales tax in all states. For a chart showing exempt states and non-exempt states go to the Purchasing Services website, click on the Purchasing tab, and from the topics listed directly below the departments, select Tax Exempt.

---

**WATCH FOR UPCOMING PAYABLES TRAINING SESSIONS**

A "MUST" FOR NEW EMPLOYEES AND A GREAT REFRESHER FOR CURRENT EMPLOYEES!!

**********************************************************

MAKE SURE YOU KNOW THE APPROPRIATE PAYMENT METHOD AND WHAT PAPERWORK IS REQUIRED FOR PURCHASES YOU MAY HAVE TO MAKE!

---

**Payable Accounting Staff**

- **Tammy Campbell** 7371
  (Purchase Order processing, including resolution of invoice problems, good receipt problems, etc.)

- **Emily Goffnett** 3523
  (Vendor creates/changes, change fund requests, stop payments/check inquiries/copies)

- **Charlet Sanders** 7372
  (Non-purchase order processing, non-employee reimbursements, independent contractor payments, MSU laundry payments, Bookstore returns & credits)

- **Bonnie Samsel** 7369
  (Daily payables operations, 1099-MISC reporting, Independent Contractor New-Hire reporting, ensuring compliance with IRS/Federal & State regulations, etc.)

---

**Payables Trivia**

1. As of February 2005, CMU has over 18,000 vendor accounts in SAP (though not all are currently active)

2. Payables currently processes an average of 36,400 checks a year.

3. CMU issued 479 Form 1099-MISC for the 2004 tax year for payments made through Payable Accounting.

4. Emily Goffnett will retire from CMU on June 30, 2005 with almost 12 years of service! (Congratulations & enjoy!!)