I. Purpose
To provide guidance to University administrators and establish terms, limits and conditions for making payments to U. S. Citizens and U. S. Business Entities, and to ensure compliance with Internal Revenue Service regulations for tax withholding and reporting.

II. Policy
A. Taxpayer classification and reporting for US Citizens/Entities must be in accordance with Internal Revenue Service specifications. See Business Procedure E-7-4 for classification of taxpayers.
B. Requests for payment must be in compliance with all of the University of Kentucky Purchasing Policies and Regulations.

III. Forms
Vendor Application and Internal Revenue Service Form W-9, Request for Taxpayer Identification Number and Certification.

IV. Procedures
A. Non-service related payments
   1. Requests for payments to individuals, sole proprietors, and partnerships for non-service related expenditures include disbursements for rents, royalties, and awards.
   2. If the vendor is not established in the PRD vendor database, have the vendor complete and sign a Vendor Application or an IRS Form W-9. The form must be submitted to Purchasing prior to completing a PRD.
   3. Prepare a PRD including a complete description and reason for the payment. Attach all receipts, invoices and other required documentation. DO NOT attach the IRS W-9, Vendor Application or any other document that contains the vendor’s Personal Tax Identification Number.

B. Independent personal services paid from an imprest account
   See Business Procedure E-9 for information regarding payments to research subjects.

C. Service related payments
   1. Requests for payments to individuals, sole proprietors, or partnerships for services include work performed by consultants, visiting speakers, honorariums and other services.
   2. Refer to Business Procedure E-7-3 for classification factors for independent contractors.
   3. Review the Purchasing/AP Quick Reference Guide to determine the appropriate method of payment for the service.
   4. If the payment should be made via PRD, review the PRD vendor database and have the vendor complete and sign a Vendor Application or an IRS Form W-9 if the vendor needs to be added to the PRD vendor database. The form must be submitted to Purchasing prior to completing a PRD.
   5. Prepare a PRD including a complete description and reason for the payment. Attach all receipts, invoices and other required documentation. DO NOT attach the IRS W-9, Vendor Application, Independent Contractor form or any other document that contains the vendor’s Personal Tax Identification Number.