

Payments to U.S. Citizens/U.S. Business Entities

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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. Responsibilities

- A. Business officer/department administrator
 - 1. Determine appropriate payment method to vendor according to [Purchasing/AP Quick Reference](#);
 - 2. Review to verify vendor is in the vendor database;
 - 3. If vendor is not in database, complete [Vendor application](#) and submit application to Purchasing;
 - 4. Complete appropriate documentation;
 - 5. Route document for approval.
- B. Purchasing
 - 1. Review vendor application for completeness; and
 - 2. Create new vendors as appropriate and necessary.
- C. Accounts Payable Services
 - 1. Process documents for payment to vendors.

III. Policy

Payments made to a taxpayer classified as a U.S. Citizens or U.S. Business Entity shall be in accordance with Internal Revenue Service, State and Institutional regulations.

IV. Forms

- A. [Vendor Application](#)
- B. [IRS Form W-9, "Request for Taxpayer Identification Number and Certification"](#)
- C. Payroll Request Document (PRD)

V. Procedures

- A. Non-service related payments

NOTE: Requests for payments to individuals, sole proprietors, and partnerships for non-service related expenditures are generally for goods but they may also include disbursements for rents, royalties, and awards.

 - 1. Verify that the payee/vendor is in the vendor database. If not, have the vendor complete and sign a [Vendor Application](#). The form must be submitted to Purchasing prior to completing a Payment Request Document (PRD).
 - 2. Prepare a PRD including a complete description and reason for the payment.
 - 3. Attach all receipts, invoices and other required supporting documentation.
DO NOT attach an IRS W-9, Vendor Application or any other document that contains the vendor's Personal Tax Identification Number.

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- B. Independent Personal Services paid from an imprest account.
See [BPM Section E-9 Compensation to Research Subjects](#) for information regarding payments to research subjects.

- C. Service Related Payments
Requests for payments to individuals, sole proprietors, or partnerships for services including work performed by consultants, visiting speakers, honorariums and other service providers.
 - 1. Refer to [BPM Section E-7-3](#) for classification factors for Independent Contractors.
 - 2. Review the [Purchasing/AP Quick Reference](#) guide to determine the appropriate method of payment for the service.
 - 3. If the payment should be made via PRD, follow steps [V.A.1.](#) and [V.A.2.](#) above.