



Form W-9 and Form 1099 Tax Reporting Guidelines

The following guidelines promote compliance with IRS Regulations regarding Roanoke College's tax withholding and reporting responsibilities related to vendor payments. The college is liable for tax, penalties and interest for failure to comply with these annual requirements.

The IRS requires the college to issue a Form 1099 reporting certain payments made to individuals and/or organizations other than corporations, governmental agencies and tax-exempt organizations. Whether a payment is reportable on Form 1099 depends upon the payment amount, payment type and the vendor's business entity type. Reportable payments include but are not limited to:

- Independent contractor services
- Consultant services
- Professional services
- Medical services
- Commissions to non-employees
- Rent
- Royalties
- Copyright payments
- Prizes and awards to non-employees
- Honoraria to non-employees
- Human subject payments

A Form 1099 is required if the total payments made to a vendor within the calendar year are equal to or greater than \$600. Even though the initial payment to a vendor may be under the \$600 threshold, a Form W-9 must still be collected from the vendor. A vendor may perform services multiple times a year or for more than one department which could result in meeting the threshold in the calendar year. The accounting system will not generate a Form 1099 for any vendor under the \$600 threshold.

The college is responsible for obtaining correct vendor name, address, social security number/employer identification number and type of organization for tax reportable payments to vendors prior to making the first payment. A Form W-9 ensures the collection of accurate and updated information that is certified by the vendor. A vendor payment will not be issued without record or submission of a Form W-9.

The Form W-9 certification releases the college from the liability to withhold tax on payments to the vendor. If the vendor does not complete Form W-9, the IRS requires that the college withhold 28% tax on payments to the vendor. The college is then required to remit this backup withholding to the IRS on Form 945. If the college fails to obtain the Taxpayer Identification Number and does not withhold the 28% tax for a reportable payment, the college is liable for the amount that should have been withheld plus penalties and interest. Additionally, the college's non-exempt 501(c)3 status will be in jeopardy if we do not comply with this regulation.

IRS reportable payments for services cannot be processed through petty cash funds, via expense reimbursement (i.e., employee pays vendor and requests reimbursement) or by credit card. In order for the accounting system to generate a Form 1099, the payment must be made by issuing a vendor check.