

July 26, 2011

Tax Reportable Payments: (Services, Medical services (including corporations), Legal Settlements, Rents, Royalties, Human Subjects, Prizes and Awards)

Just as a reminder/refresher...

- All tax reportable payments to non-employees must be processed on a Payment to Individual Report (PIR), Direct Payment (DP), or via Purchasing Services (Purchase Order, Academic Support Service Agreement, etc.). A list of the account codes, the expense description, and whether or not the payment is tax reportable is detailed in the document, 1099-MISC/1042S Tax Reportable Transactions by Account Codes (<http://www.bussvc.wisc.edu/acct/tax/1099tax.pdf>).
- Per the Internal Revenue Service (IRS), tax reportable payments must be made through the proper payment method in order for the information to be captured for the federally mandated tax reporting at the end of the calendar year. A list of tax reportable payment account codes includes services, medical services (including corporations), legal settlements, rents, royalties, human subjects, and prizes and awards. Please review the list of tax reportable payment account codes in the document, 1099-MISC/1042S Tax Reportable Transactions by Account Codes (<http://www.bussvc.wisc.edu/acct/tax/1099tax.pdf>).
- Payments to Research Subjects must be made following the policies and procedures found on the web at Policy 103-Payments to Human Subjects (http://www.bussvc.wisc.edu/acct/policy/human_subjects/humanpol.html).
- Non-U.S. Source Income payments are exempt from tax withholding and reporting. For details on what constitutes Non-U.S. Source Income payments, please refer to the reference document, Federal Tax Withholding, under the section on Non-U.S. Source Income (<http://www.bussvc.wisc.edu/acct/policy/tax/taxwith.html>).
- Tax reportable payments are not to be made by an employee on his/her personal funds. Reimbursement requests submitted by employees for tax reportable transactions processed through an unauthorized method (personal funds, etc.) will not be honored. This includes requests submitted though e-Reimbursement. If an employee makes a payment using an unauthorized method of payment (personal funds, etc.), it is the individual's responsibility to obtain a credit from the vendor and process the payment through an authorized method (PIR or DP or Purchasing Card).
- Further information about the Purchasing Card and tax reportable payments can be found on the "Commonly Questioned Items" list within the Purchasing Card Cardholder and Site Manager guides (<http://www.bussvc.wisc.edu/acct/purchcd/allowable.html>).