

## VISION Supplier Set up, W-9 Forms and Reportable Payment Processing – FAQs

- 1. Question:** I have had multiple requests from Finance to obtain a W-9 from new suppliers that I requested to be set up in VISION or existing suppliers that I request changes to. What is this form, why is it important and what should I look for when I get one?

**Answer:** A Form W-9 is called “Request for Taxpayer Identification Number and Certification” and is issued by the IRS. The form is used by the State of Vermont to obtain the TIN of individuals and businesses and to obtain their federal tax classification.

The information on a W-9 is used by the State of Vermont to determine whether payments made to the individual or business (based on their federal tax classification) may be required by the IRS to be reported on a 1099-NEC, 1099-Misc, or 1099-G form. The IRS requires that the State have on file the correct TIN for individuals and businesses whose payments are reported on a 1099-NEC, 1099-Misc, or 1099-G. If the State reports incorrect information they may be subject to fines and penalties from the IRS.

You should have a W-9 on file for each new regular supplier that you request. Before you accept a W-9 from a supplier, you must check for the following things:

- The Name box cannot be left blank.
- The Name box must contain an individual name if the TIN is a social security number.
- The Name box can be an individual name or a business name if the TIN is an EIN.
- One and only one Federal Tax Classification box must be checked. (Exempt Payee is not a federal tax classification.)
- If LLC is checked, then the tax classification must be indicated on the line provided.
- If Other is checked, then the IRS designation code the entity falls under must be indicated on the line provided.
- TIN must be either a Social Security or an Employer Identification Number. Both cannot be filled in.
- If TIN is a Social Security Number then the Federal Tax Classification must be Individual/sole proprietor.
- Form must be physically signed and dated with a current date (within the last 6 months). Finance does not currently accept digital signatures.

Important notes about requesting a W-9 from a supplier:

- Departments must send the supplier the most current version of the form W-9 off the IRS website or point them directly to the website to get the most current form themselves.
- The form must be completed and physically signed by the individual or business owner/representative. This form must not be completed by the requesting department nor should departments tell the supplier what specific information to put on the form.
- If suppliers need help in filling out a W-9, the department should refer them to the detailed instructions of the form or have the supplier contact their accountant or tax preparer.
- If the department receives a W-9 that is improperly filled out, they must request a new form to be completed and signed by the supplier. The department cannot make corrections to the form on behalf of the supplier. Finance does not accept a W-9 where information has been altered (crossed out, written over, whited out, etc.), even if done so by the supplier.

**2. Question:** Since I have a W-9 on file for the new supplier that I am requesting do I need to attach it to my Add or Update Supplier Request form?

**Answer:** Yes, all Add or Update Supplier Request forms must be accompanied by a current W9 form.

**3. Question:** I need to pay this supplier for expense reimbursements only – why do I need a W-9 from the supplier when payment for expense reimbursement is not required to be reported on a 1099-NEC or 1099-Misc?

**Answer:** Suppliers are set up globally in VISION. This means that all suppliers are used by all departments. Your department may be paying the supplier for expense reimbursements now, but another department may pay this supplier for a reportable service in the future. It is important to set suppliers up initially in VISION based on their potential to be paid for reportable services so that errors do not occur in the future.

**4. Question:** Is there ever a time when I do not need to obtain a W-9 from a new supplier?

**Answer:** If you are making a payment that is not reportable to the supplier and it is the only payment you foresee making to this supplier, you may request a one-time supplier be set up in VISION and you will not be required to provide a TIN or W-9 for the supplier. A one-time supplier will be available for use one time only and will be automatically inactivated by the system once a payment is made to it. Instances when it is appropriate to request a one-time supplier are the following:

- Making a onetime refund for an overpayment.
- Making a onetime expense reimbursement payment.
- Making a onetime non-reportable payment to two parties.

**5. Question:** Finance uses the term “reportable supplier”. What are they talking about and how do they determine what suppliers will be set up in VISION as “reportable?”

**Answer:** A “reportable supplier” is a supplier that is set up in VISION as withholding applicable. This means that payments made to these suppliers will be reported on a form 1099-NEC, 1099-Misc, or 1099-G unless the withholding check box is unchecked on the voucher invoice lines.

The following suppliers are set up as “reportable” in VISION because of the potential for them to receive a reportable payment:

- **Individuals, Sole Proprietors, Partnerships**

All payments for services to individuals, sole proprietors and partnerships are required to be reported on a 1099-NEC. Therefore, all regular suppliers that are individuals, sole proprietors or partnerships are set up as reportable suppliers in VISION.

- **All Suppliers Providing Medical Services (Including Veterinarians)**

All payments for medical services including dental, counseling and veterinarian services are required to be reported on a 1099-Misc. Therefore, all regular suppliers which provide medical services are set up as reportable suppliers in VISION. This does not include medical supplies or pharmaceuticals. (With the exception of tax- exempt hospitals and hospitals owned by a government entity – these are not set up as reportable.)

- **All Suppliers Providing Legal Services**

All payments for legal services are required to be reported on a 1099-NEC. Gross proceeds paid in connection with legal services are reported on a 1099-Misc. Therefore, all regular suppliers which provide legal services are set up as reportable suppliers in VISION.

Please note that suppliers that are Limited Liability Companies (LLC's) are set up in VISION based on their tax classification and follow the rules above.

**6. Question:** What if I make a non-reportable payment to a supplier that is set up as "reportable" in VISION? Will it get reported on a 1099-NEC or 1099-Misc by mistake?

**Answer:** The payment will be reported on a 1099 unless the withholding check box is unchecked on the voucher invoice lines.

It is the departments' responsibility when entering a voucher to determine if the payment being made is a reportable payment and to make sure that the withholding box, on the voucher invoice line, is checked or unchecked appropriately and that the withholding type and class is correct for all reportable invoice lines.

If a department finds that a voucher has not been processed correctly as reportable/non reportable or with the correct withholding type and class and the voucher has already been paid, the department must contact the VISION Helpdesk and let them know about the error. Finance will make an adjustment prior to 1099 forms being sent to suppliers and the IRS.

**7. Question:** How do I know if the supplier that I need to pay is a "reportable" supplier or not and what am I supposed to do to ensure my payment is reported correctly?

**Answer:** When a voucher is entered to a reportable supplier, a blue [Withholding](#) link (Transfer to Withholding Detail) will be available on the Invoice Information page of the voucher.

When this blue [Withholding](#) link is available, the user must determine if the payment being made is a reportable payment. If the payment or any part of the payment is not reportable, the user must separate the reportable and non-reportable amounts onto separate voucher invoice lines. They must then click on the blue [Withholding](#) link and uncheck the Withholding Applicable check boxes under Invoice Line Withholding Information and Withholding Details for each invoice line that is not reportable.

When making a reportable payment, the user must also determine if the withholding type and class listed on the Withholding Information Page is correct for the payment being made. If the withholding type and class is not correct, it must be changed to the one applicable to the payment being made.

**8. Question:** What exactly is considered reportable and non-reportable payments and what is the correct withholding type and class for reportable payments?

**Answer:** The following types of payments are reportable to the supplier on a 1099-NEC, 1099-Misc, or 1099-G with the indicated withholding class:

Payment Type	Being Paid To	Withholding Type 1099N = 1099-NEC 1099M = 1099-Misc 1099G = 1099-G	Withholding Class	Withholding Code (Interface Use Only)
Services (except medical) Per Diem	Individuals Sole Proprietors Partnerships	1099N	01	7701
Witness Fees Expert Testimony	Individuals Sole Proprietors Partnerships	1099N	01	7701

<b>Payment Type</b>	<b>Being Paid To</b>	<b>Withholding Type 1099N = 1099-NEC 1099M = 1099-Misc 1099G = 1099-G</b>	<b>Withholding Class</b>	<b>Withholding Code (Interface Use Only)</b>
<b>Medical and Health Care Services</b> • Includes Dental, Counseling, and Veterinarian Services • Does not include medical supplies or pharmaceuticals	<b>All suppliers (with the exception of tax-exempt hospitals or hospitals owned by a government entity)</b>	<b>1099M</b>	<b>06</b>	<b>9906</b>
<b>Attorney Fees / Legal Services</b>	<b>Attorneys Law Firms Other providers of legal services</b>	<b>1099N</b>	<b>01</b>	<b>7701</b>
<b>Gross Proceeds paid in connection with legal services</b>	<b>Attorneys Law Firms Other providers of legal services</b>	<b>1099M</b>	<b>10</b>	<b>9910</b>
<b>Prizes and Awards to non-employees</b>	<b>Individuals Sole Proprietors Partnerships</b>	<b>1099M</b>	<b>03</b>	<b>9903</b>
<b>Punitive Damages</b>	<b>Individuals Sole Proprietors Partnerships</b>	<b>1099M</b>	<b>03</b>	<b>9903</b>
<b>Rental of Space or Building</b>	<b>Individuals Sole Proprietors Partnerships</b>	<b>1099M</b>	<b>01</b>	<b>9901</b>
<b>Rental of Equipment without an operator</b>	<b>Individuals Sole Proprietors Partnerships</b>	<b>1099M</b>	<b>01</b>	<b>9901</b>
<b>Rental of Equipment with an operator – invoice bills equipment and operator separately</b>	<b>Individuals Sole Proprietors Partnerships</b>	<b>Equipment portion: 1099M Operator portion: 1099N</b>	<b>Equipment: 01 Operator: 01</b>	<b>Equipment: 9901 Operator: 7701</b>
<b>Rental of Equipment with an operator – invoice bills as one price for both</b>	<b>Individuals Sole Proprietors Partnerships</b>	<b>1099N</b>	<b>01</b>	<b>7701</b>
<b>Grants – if grant includes service agreement</b>	<b>Individuals Sole Proprietors Partnerships</b>	<b>1099N</b>	<b>01</b>	<b>7701</b>
<b>Grants – Taxable grants (per federal or state grant program or if not excluded in not-reportable table below)</b>	<b>Individuals Sole Proprietors Partnerships</b>	<b>1099G</b>	<b>06</b>	<b>8806</b>
<b>Grants – Economic relief related to a federally declared disaster</b>	<b>Sole Proprietors Partnerships</b>	<b>1099G</b>	<b>06</b>	<b>8806</b>

The following payments are **not reportable** to the supplier on a 1099-Misc:

Payment Type	Being Paid To
All Payments	Tax exempt organizations Government Entities
Services (except medical and legal)	Corporations
Bonuses Awards	Corporations
Punitive Damages	Corporations
Rents of any kind	Corporations
Medical and Health Care Services (includes Dental Services and Counseling Services)	Tax exempt hospitals Hospitals owned by a government entity
Refunds	All suppliers
Reimbursements for meals, lodging, mileage or other expenses incurred in performance of a contract or service provided	All suppliers
State Benefits (i.e. fostercare, state assistance)	All suppliers
Purchases of Merchandise (including medical supplies and pharmaceuticals) Telegrams Telephone services Freight	All suppliers
Grants – paid as reimbursements	All suppliers
Grants – state aid	All suppliers
Grants – Scholarship or Fellowship	All suppliers
Grants – other non-taxable grants (per federal grant program or guidelines or per state grant program)	All suppliers
Grants – economic relief related to a federally declared disaster	Individuals Corporations Tax Exempt Organizations

**Please note:** The lists above are not all inclusive – if you are making a payment and are not clear as to which form the payment is reportable on or whether it is reportable at all, please contact Financial Operations for clarification.

9. **Question:** I separated my voucher, for payment of reportable service and expense reimbursement, into separate lines, but the entire payment was still reported to the supplier on a 1099. What could I have done wrong?

**Answer:** There is a good chance that you separated your payment into separate distribution lines but not separate invoice lines. The reportable and non-reportable amounts must be on separate invoice lines so that

you can uncheck the withholding applicable boxes under Invoice Line Withholding Information and Withholding Details on the invoice line for the non-reportable amount.

- 10. Question:** I have been getting requests from Finance asking me what my payments are for. Many of these have been for expense reimbursements that I have correctly unchecked the withholding box on. I have processed these correctly so why are they questioning me and how can I get them to stop?

**Answer:** Finance does multiple reviews each month to make sure that payments are being correctly coded as reportable or non-reportable. Often, Finance cannot determine what is being paid to the supplier based on the account code used or other information on the voucher. In these cases, Finance contacts the department for an explanation to verify that the payment has been coded correctly.

Finance has begun asking departments to include the word “refund” or “reimb” in the invoice line description on the voucher for all invoice lines for refunds and reimbursement of expenses. The use of these words on the invoice line has significantly reduced the number of questions going out to departments and the time that Finance must spend in analyzing the data.

- 11. Question:** Since January 2012, I have attempted to pay a supplier that I have paid in the past only to find that the supplier has been inactivated. Why is this happening and how do I get my supplier paid?

**Answer:** Beginning in 2012, Finance implemented various procedures to ensure the accuracy of the supplier data in VISION. One of these procedures is to inactivate suppliers that have not been used in 24 months. Many changes occur over time including name changes, federal tax classification changes and buying and selling of businesses that result in the supplier data in VISION being inaccurate. Best practices for maintaining supplier data in accounting systems recommend that suppliers be inactivated or purged from systems after 18 – 24 months of nonuse.

A new supplier must be requested by the department for any supplier that does not have an approved supplier ID in the VISION system. A W-9 must be obtained from the supplier to ensure that accurate and current information is used when requesting the new supplier ID. Once Finance creates the new supplier, the department can use the new supplier ID to make the payment.