

VMR-VRO CHECKLIST – LIMITED LIABILITY COMPANIES

Narrative – This checklist shows how to set up LLC vendors properly. Encourage vendors to fill out an IRS W-9 form revised October 2007 or later to get the correct organization type from an LLC. You may have to explain to the vendor that the term LLC refers to the liability of the owners, not their tax status. The W-9 asks for the tax organization status, or what type of tax returns they file with the IRS.

Related Guideline: *VMR-VRO Guideline - Limited Liability Companies*

Navigation: *Vendors>Vendor Setup/Maintenance>Vendor Information*

Instructions -

1. Identifying Information Tab > Government Classifications:

The screenshot displays a web-based form for vendor setup. The top section includes fields for SetID (SHARE), Vendor ID (000074580), and Vendor Short Name (ABCD). Below these are fields for Vendor Name 1 (ABCD PUBLISHING LLC) and Vendor Name 2. The Status is set to 'Approved' and Classification to 'Supplier'. Persistence is 'Regular' and HCM Class is empty. There are checkboxes for VAT Registration, Withholding, and Open For Ordering (checked). Buttons for 'Expand All' and 'Collapse All' are present. The 'Vendor Relationships' section has checkboxes for Corporate Vendor and InterUnit Vendor. The 'Create Bill-To Customer' section has a checkbox for 'Create Bill To Customer'. A sidebar on the left has expandable sections for 'Additional ID Numbers', 'Duplicate Invoice Settings', and 'Government Classifications'. An arrow points from the 'Government Classifications' section to a detailed view of the 'Government Sources' and 'Government Classifications' sub-sections. The 'Government Sources' section has a search field for '*Source:'. The 'Government Classifications' section has fields for Eff Date (06/25/2009), Cert Nbr, Begin Dt, Expire Dt, and Gov Class.

2. Enter Source of 'ORG TYPE' (see next page)

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The screenshot shows a web application interface for 'Government Classifications'. At the top, there is a search bar for '*Source:' with 'ORG TYPE' entered and a magnifying glass icon. Below it, there is another search bar for 'Gov Class:'. Other fields include 'Eff Date: 06/25/2009', 'Cert Nbr:', 'Begin Dt:', and 'Expire Dt:'. There are also buttons for 'Expand All' and 'Collapse All'.

3. Enter Gov Class based upon how the vendor completes the IRS Form W-9. In the vendor checks the box for “Limited liability company,” the form is not complete until they also distinguish their tax classification of D, C, or P:

<p>Form W-9 (Rev. October 2007) Department of the Treasury Internal Revenue Service</p>	<p>Request for Taxpayer Identification Number and Certification</p>	<p>Give form to the requester. Do not send to the IRS.</p>
<p>Print or type See Specific Instructions on page 2.</p>	<p>Name (as shown on your income tax return)</p> <hr/> <p>Business name, if different from above</p> <hr/> <p>Check appropriate box: <input type="checkbox"/> Individual/Sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input type="checkbox"/> Limited liability company. Enter the tax classification (D=disregarded entity, C=corporation, P=partnership) ▶ ----- <input type="checkbox"/> Exempt payee <input type="checkbox"/> Other (see instructions) ▶</p>	
<p>Address (number, street, and apt. or suite no.)</p> <hr/> <p>City, state, and ZIP code</p> <hr/> <p>List account number(s) here (optional)</p>		<p>Requester's name and address (optional)</p>

- a) If the vendor enters a “D” for disregarded entity, select ‘18 ORG TYP’:

Gov Class: OT-Individual/Sole Proprietorship

- b) If the vendor enters a “C” for corporation, select ‘09 ORG TYP’:

Gov Class: OT - Corporation

- c) If the vendor enters a “P” for partnership and the letters “LLP” are in the vendor name, select ‘11 ORG TYP;’ if the vendor name has “LLLLP” in its name, then select ‘12 ORG TYP.’

4. ****NEW IN 2009:** If the vendor does not designate the tax classification of their LLC, please try contacting them for this information.

- If they do not comply, do not enter a source of ORG TYPE at all. You can record receipt of the W-9, but do not attach an org type classification. See example on next page.

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Government Classifications

EEO Certification Date: HUB Zone

Government Sources Find | View All First 1 of 1 Last

*Source: W-9 Received

Government Classifications Find | View All First 1 of 1 Last

Eff Date:

Cert Nbr:

Begin Dt: Expire Dt:

Gov Class:

Standard Industry Codes

Additional Reporting Elements

Do not add another source of 'ORG TYPE.'

Do not attach an org type here.

Be sure to set this vendor up for withholding. Until the vendor proves to you that they are an LLC reporting to the IRS with a corporate tax status, check the withholding box and set up 1099-MISC information on all locations used for payments.