

REPORTABLE VENDORS VS REPORTABLE PAYMENTS

It is a common occurrence for a vendor to be reportable, but what the agency is paying the vendor for is not reportable. It will help agencies if they learn to distinguish the difference between the two.

It is the responsibility of Vendor Registry to worry about whether the vendor itself is liable for 1099 reporting. That determination is based upon a form W-9 or a substitute W-9 received in our office. **Non-reportable payments made by the agency do not eliminate the need for a W-9.** Only corporations are exempt from 1099 reporting, and even then, law firms and medical providers that are corporations are reportable as long as they do not have a nonprofit status recognized by the IRS. Therefore, more vendors than not will be set up for “withholding” on PeopleSoft. See the following chart: <http://www.nd.gov/spo/connectnd/manual/irs-versus-bus-type.rtf>.

Types of organizational status that require a vendor to have withholding set up:

- Individuals
- Sole Proprietors
- Partnerships (even LLP's)
- All law firms
- All clinics, hospitals, etc. that are for-profit organizations

Now it is up to the **Agency** to determine what they are paying the vendor for. Supplies, parts, equipment, any tangible item you are paying a vendor for is NOT reportable. Reimbursements and refunds typically are not reportable.

Example: A payment to Dakota Awards (a sole proprietor) for plaques. The Dakota Awards vendor has withholding turned on because of its status as a sole proprietor. The payment for plaques is not for a service, though, so the voucher should not be flagged for reporting.

A payment for any type of service, rent or lease, or any income given to a vendor that is unearned is generally reportable. Please use the guidelines described in the following:

<http://www.nd.gov/spo/connectnd/manual/1099-irs-handout.xls>.

AGENCIES PLEASE NOTE: It is the policy of OMB that the 1099 will be issued the same way that the check/ACH is made payable. That means is, if a vendor asks you to issue a check made payable to a particular individual, THAT INDIVIDUAL IS GOING TO RECEIVE THE 1099.