

DESKTOP NOTES
PAYMENTS TO INDEPENDENT
CONTRACTORS / CONSULTANTS

Office of Disbursements



Document Name:	Desktop Notes – Payments to Independent Contractor/Consultants
Responsible Department:	Office of Disbursements
Approval Authority:	Office of the Comptroller
Last Update:	01/01/2015
Contact:	Director, Disbursements

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Desktop Notes

Payments to Independent Contractors/Consultants

A person is considered an “independent contractor” or “consultant” (used interchangeably herein) when the work is directed by the University only in regard to the results, and not the means of achieving them. Generally, if the person meets the definition of an independent contractor, payment can be processed by the Office of Disbursements.

The University must file IRS Form 1099 for earnings totaling \$600.00 or more to an independent contractor at the end of each calendar year.

The Service Provider Classification Worksheet, *SPCW Form*, provides information necessary to confirm the Service Provider may properly be classified, for tax and payment purposes, as an independent contractor rather than an employee.

January 1, 2015

CHANGES

Effective 01/01/2015, the **SPCW Form** replaces both the CIPC Form and the WCRQ Form.

IMPORTANT CONSIDERATIONS

Although contracts may not be required if cumulative payments (for services) to an independent contractor/consultant in a calendar year (January 1 through December 31) total \$4,999.99 or less, the university may require the use of a contract regardless of dollar amount, depending on the nature of the services or risk to the university. Questions about contract requirements should be addressed to Purchasing at purchasing@gsu.edu or Legal Affairs.

If the Service Provider is:

- A GSU employee/student employee: Contact payroll@gsu.edu with questions about Fee-Based or additional compensation payments.
- An individual having a pending contract for employment: Contact payroll@gsu.edu with questions about Fee-Based payment.
- USG employee providing service that exceeds \$250, the transaction requires an executed Employee Compensation Agreement: http://tools.finance.gsu.edu/files/gravity_forms/5-3d52bd49f73aae55cbc90758500213d9/2013/02/EmployeeCompensationAgreementForm.pdf

Note: A fully authorized Employee Compensation Agreement Form provides approval for payment. A contract/non-catalog PO is not required, regardless of the amount.

- Not a US citizen or permanent resident alien (Green Card holder): Tax withholding may be required. Email accountspayable@gsu.edu and request a referral to the University's Tax Accountant for tax analysis.
- A retiree: Retirees are responsible for determining how Service Provider payments may impact retirement eligibility. Refer to the BOR Policy Manual Employment Beyond Retirement, Section 8.2.8.3.

- Related to a GSU employee, there must be disclosure of the relationship. Written confirmation that no conflict of interest issues are present must be provided by the hiring official.

Payments of \$5,000 or More – General Guidelines:

- Engagements that total \$5,000 or more during a calendar year **require a contract**.
- **The SPCW Form is required.** This form is the 1st step in the process of determining if an individual can be paid through Disbursements, or if they should be paid through Payroll, etc.
- Contracts must be routed for review by Purchasing and for review/signature approval by Legal Affairs. **A Contract Routing Form and the SPCW Form are required for the review.**
- Expenses to be reimbursed must be outlined in the contract. Expense reimbursement guidelines generally follow the same guidelines as do reimbursements to employees and students, however, some exceptions apply. Reimbursements are based on allowable per diem rates. Itemized receipts, including method of payment, are required for reimbursement. Questions concerning reimbursements should be directed to Disbursements, at accountspayable@gsu.edu.
 - The University may **reimburse** expenses when outlined in a contract. Payment may not be made in advance, nor shall payment be made by direct billing to the University by a 3rd party provider. Contractors **may not** use University resources to book travel, rent vehicles, etc.
- Contracts (**including sub-contracts**) require a Purchase Order. In PantherMart, the Purchase Order must be entered as a non-catalog PO entry.
- A request for payment (of services) must include an itemized invoice, which should be attached to a **Consultant Payment Authorization Form (CPA Form)**.
- Invoices (with the CPA Form attached) should be delivered to Disbursements for payment processing.
 - Multiple invoices may be submitted for payment against a single PO.

PANTHERMART - Payment of \$5,000 or More:

With required documentation in hand, enter a Non-catalog PO entry into PantherMart equal to the total amount of the contract.

Scan/Attach the following to the PantherMart Non-Catalog PO entry:

- SPCW FORM (Approved by Disbursements)
- Contract and Contract Routing Form
 - (At this point the Contract will have been reviewed by Purchasing, and reviewed/approved by Legal Affairs. The contract routing form should be complete).
- Invoices (with the CPA Form attached) should be delivered to Disbursements for payment processing. Indicate the Non-catalog PO number on the CPA Form.
 - Invoices, (with CPA Form attached) may also be scanned and emailed to Disbursements at accountspayable@gsu.edu. (Note: If a department chooses to attach a vendor's invoice to a PO, a notification must be sent to accountspayable@gsu.edu to advise. Payment cannot be processed without proper notification).
 - Payment coding will be determined by the coding on the non-catalog PO entry.
 - Departments should enter a **cost receipt** on the PO equal to the amount invoiced/approved for payment (for services).
- For expense reimbursement, attach a complete listing of reimbursements to be paid. The total of all items listed should equal the total reimbursement being requested.
 - Attach itemized receipts, including the method of payment.
 - For mileage reimbursement, attach a MapQuest print-out. Include calculation for mileage reimbursement.
 - For Per Diem reimbursement, use the Federal Per Diem Rate, and provide the per diem calculation.
 - Code expense reimbursement to 752100.

Payments of Less Than \$5,000 – General Guidelines:

- The **SPCW Form** is required. This form is the 1st step in the process of determining if an individual can be paid through Disbursements, or if they should be paid through Payroll, etc.
- Although contracts may not be required if cumulative payments (for services) to an independent contractor in a calendar year (January 1 through December 31) total \$4,999.99 or less, the university may require the use of a contract regardless of dollar amount, depending on the nature of the services or risk to the university. Questions about contract requirements should be addressed to Purchasing at purchasing@gsu.edu or Legal Affairs.
- **Expenses** to be reimbursed must be outlined/supported by a **memo of understanding**, signed by the hiring department. Expense reimbursement guidelines generally follow the same guidelines

as do reimbursements to employees and students, however, some exceptions apply. Reimbursements are based on allowable per diem rates. Itemized receipts, including method of payment, are required for reimbursement. Questions concerning reimbursements should be directed to Disbursements, at accountspayable@gsu.edu.

- The University may reimburse expenses when outlined in a memo of understanding. Payment may not be made in advance, nor shall payment be made by direct billing to the University by a 3rd party provider. Contractors may not use University resources to book travel, rent vehicles, etc.
- Generally, payment for services requires a **vendor's invoice** (must be itemized).
- If a department is providing an **honorarium** payment, a vendor's invoice may be replaced by a **memo** provided by the hiring department. **The memo must state: Who is being paid, for what purpose, amount of the payment. Payments for honorarium should be accompanied by an event program, agenda, or other supporting documentation.**
- Requests for payment are initiated via an on-line **Payment Request Form entry** into PantherMart.
 - Invoices must be scanned into PantherMart at the point of Payment Request Form entry.
 - The SPCW Form must also be scanned into the Payment Request Form entry.

The hiring department may request approval for the SPCW Form in one of the following ways when the total of all payments issued throughout the calendar year will be less than \$5,000 (payment for services provided), and where no contract exists:

IDEAL: The hiring department will complete the SPCW form then submit the form to Disbursements for approval prior to requesting a payment. The advantage of using this method will be prompt payment.

Completed SPCW form is emailed to Disbursements at accountspayable@gsu.edu .

The email should be titled: SPCW Review Request-NO Contract.

Disbursements will return the SPCW to the requestor, by email. The hiring department will then include a copy of the approved SPCW form with each payment requested throughout the calendar year, provided the services are the same as identified on the form, and the total amount paid to the vendor throughout the calendar year does not exceed \$4,999.99 (for services).

ACCEPTABLE: The hiring department will complete the SPCW form, and scan the form into the Payment Request Form entry as an attachment. Using this method, Disbursements will not review the form until the voucher is reviewed for payment processing. A disadvantage of using this method is the hiring department risks having the voucher cancelled by Disbursements, should Disbursements deny the SPCW Form.

PANTHERMART - Payment of Less Than \$5,000:

Complete the Payment Request Form located on the Home Page in PantherMart.

Scan/Attach the following to the PantherMart Payment Request Form entry:

- *Vendor's invoice*
 - *Code expense to 751115*
- *For an honorarium, attach a memo provided by hiring department (in place of the vendor's invoice).*
 - *Code Honorarium expense to 751108.*
- *For expense reimbursement, attach a memo of understanding (signed by the hiring official) regarding the expense reimbursement.*
 - *Attach a complete listing of reimbursements being provided. Total should equal total reimbursement being requested*
 - o *Attach itemized receipts, including the method of payment.*
 - o *For mileage reimbursement, attach a MapQuest print-out. Include calculation for mileage reimbursement.*
 - o *For Per Diem reimbursement, use the Federal Per Diem Rates, and provide the per diem calculation.*
 - *Code expense reimbursement to 752100.*
- *SPCW Form*
- *Program/agenda/other supporting documentation*

Contact Information:

- Questions about **Non-Catalog Purchase Orders or Contracts** should be directed to the Purchasing Unit, at purchasing@gsu.edu, (404)413-3150
- Questions about **payments** to Independent Contractors/Consultants should be directed to Disbursements, at accountspayable@gsu.edu.
- Questions about possible **tax withholding** on payments to non-resident Independent Contractors/Consultants should be directed to Disbursements, at accountspayable@gsu.edu.