



Payment to Individuals

Procedures

Generally, agreements to provide services to the University are made with incorporated entities. However, in some cases it is allowable for the University to receive services from non-incorporated individual persons, and in these cases special consideration must be made regarding the legal classification of the University's relationship with the individual and tax compliance matters.

All payments to individuals have tax reporting requirements and some have tax withholding requirements. In all cases, the Independent Contractor Questionnaire must be completed and approved by Business Services before payment can be made. If the individual providing services is a nonresident alien, online foreign tax compliance forms must be completed as well.

All agreements to receive services from individuals must comply with the University's Purchasing policy, including the completion of an online requisition request, a Purchase Order issued by the Purchasing Department, and an appropriately executed agreement.

Independent Contractors

Determination of independent contractor status (vs employee status) is made by completing the Independent Contractor Questionnaire. To be considered an independent contractor, the individual must be offering services to the general public and be serving other clients on a regular basis. For individuals who have incorporated, generally this indicates that the person will not be subject to the independent contractor test, however an individual who is incorporated but does not meet this first criteria will be subject to the independent contractor test.

Once the Independent Contractor Questionnaire is completed, the determination of employee vs. independent contractor is established. If the person is determined to be an employee, he/she will be paid through the University's payroll system as a short term employee, with taxes withheld and W-2 issued at end of calendar year (also, payroll taxes will be charged to the hiring department). If the determination is independent contractor, he/she will be paid through the University's accounts payable system as a vendor and a 1099 will be issued at end of calendar year to report total amount paid during the year.

Foreign Tax Compliance

The University uses Glacier Tax Compliance software for determination of tax status for all non-US persons (both individuals and entities). Non-US persons will receive a logon for Glacier and follow the provided instructions, after which the applicable tax treaties, reporting requirements, and tax withholding requirements (if any) will be determined.

Common Types of Services Provided by Individuals:

<u>Service Provided</u>		<u>Treatment</u>	<u>Documentation Required</u>
1.	Artistic performer	If performance is not regularly recurring, will be paid as an independent contractor	<ul style="list-style-type: none"> • Purchase Order • Agreement/Contract <i>All agreements/contracts must be signed in accordance with University policy. Contracts must be reviewed by University General Counsel prior to signing unless using a pre-approved template.</i> • Independent Contractor Questionnaire • Glacier Online Forms <i>If non-US person involved</i> • Form W9 <i>if Independent Contractor</i> • Form W4 <i>if employee</i> • Invoice <i>After services are performed</i>
2.	Guest lecturer/speaker	If the service is not regularly recurring, will be paid as an independent contractor	
3.	Resident artist	Under the current WPU model, resident artists conduct teaching or workshop services and are paid as employees	
4.	Teaching services	Any individuals who will be teaching WPU-determined curriculum in WPU locations will be paid as an employee	
5.	Administrative services and professional services	Individuals paid directly for all short-term administrative service will be paid as an employee (does not apply if paying a temp agency)	

For Information, Contact:

<u>Policy and Procedure Area</u>	<u>Contact Info</u>
Purchasing Order and Purchasing Policy	Stephen Sondey sondeys@wpunj.edu Ext. 2862 Carrie Harris harrisc@wpunj.edu Ext. 2863
Independent Contractor and Foreign Tax Compliance	Glenda Jara Jarag1@wpunj.edu Ext. 2845 Patrice Stewart stewartp@wpunj.edu Ext. 2868



Independent Contractor Questionnaire

This questionnaire is used to determine the correct classification for individuals who will receive payment from William Paterson University of New Jersey (WPUNJ) in exchange for services provided. Individuals will be classified as either independent contractor or employee. The questions on this form are based on IRS guidance, including the IRS 20-factor test.

Procedure:

1. This form must be submitted to Business Services and approved prior to committing funds of the University to any individual for payment of services.
2. Attach the written agreement for services that will be performed and a W9 form completed by the individual.
3. If the individual is a non-US person, contact Business Services for foreign tax status determination.

Name of Individual:

Provide address and social security number or TIN on Form W9

Section 1

1. Does the individual offer these services to the public on a regular basis, and if so, is evidence of such readily available (such as website, advertising, etc.)? yes ___ no ___
If "no", skip Section 2. The individual will be paid as employee.
2. Is the individual a current or former employee of WPUNJ providing similar services? yes ___ no ___
If "yes", skip Section 2. The individual will be paid as employee.
3. Is the individual a guest lecturer/speaker who will serve at WPUNJ in this capacity no more than 2 times during the calendar year? yes ___ no ___
If "yes", skip Section 2. The individual will be paid as independent contractor.

Section 2

4. Is the individual required to comply with instructions on when, where, and how work is performed?
yes ___ no ___
5. Does WPUNJ provide training to the individual on the manner in which work should be performed?
yes ___ no ___
6. Does WPUNJ set the individual's hours of work or define where work should be performed?
yes ___ no ___
7. Does WPUNJ provide the location, materials, and/or tools in which the service will be performed?
yes ___ no ___
8. Does WPUNJ have control over the course materials used by the individual?
yes ___ no ___
9. Is the individual providing services similar to those provided by a current WPUNJ employee, or serving in a role that is typically held by an employee at WPUNJ?
yes ___ no ___
10. Does the individual perform in a supervisory capacity over WPUNJ employees?
yes ___ no ___
11. Will the individual perform services repeatedly or on an ongoing basis?
yes ___ no ___

Section 3

Classification: *Independent Contractor* _____ *Employee* _____

Form Rev: Feb 2018

Bus Services authorization _____

Other and/or unique factors considered in determination:

Glacier Tax Compliance Process:

University faculty and/or staff who are engaging in business transactions with non-US persons must ensure that all such persons receive access to complete Glacier forms and obtain tax clearance before committing the University to such transactions. The Glacier forms can be processed concurrently with requisition processing, but must be completed before a purchase order is issued.

Important Policy Points

University procurement policy requires Purchase Orders (PO) for all purchases of goods and/or services. If you are engaging any individual for services (US or non-US), you must obtain a PO prior to committing any University funds.

If you are engaging any non-US individual for services, you must obtain tax clearance prior to committing any University funds. You should expect that at a minimum, there will be an IRS tax reporting requirement. In some cases, if an applicable tax treaty cannot be identified, there may be required tax withholding.

If you are engaging any non-US corporate entity for goods or services, special rules apply and you must obtain tax clearance prior to committing any University funds. Glacier is the tool used by Business Services to determine relevant tax and reporting requirements. In the case of corporate entities, Glacier logons are not available so the entity information must be submitted directly to Business Services for processing the tax clearance.

To Obtain a Logon for Glacier Tax Compliance:

<u>Type of Non-US person</u>	<u>How to obtain a logon:</u>	<u>Contact name & info</u>
Vendor – Individual	Contact Business Services	Glenda Jara
Vendor – Corporate Entity	Foreign entities please follow the link below: wpunj.edu/foreign-entity-tax-form	Jarag1@wpunj.edu
Employee	Payroll Dept will email log on information when needed	Ramzi Chabayta Chabaytar@wpunj.edu
Student (admitted)	Student Account Services will email logon when needed	Sandra Bembry Bembrys@wpunj.edu
Student (pre-admission)	Contact International Students with request for information	Cinzia Richardson Richardsonc@wpunj.edu

The non-US individuals will receive an email with instructions on how to proceed*. Before logging on, it is suggested that they have ready all relevant documentation such as visa, passport, I-94 or other related support.

Once the non-US individual has completed the online Glacier interview, the system will display forms and/or documentation required for submission and, if applicable, the taxable rate. The required forms/documentation should be submitted asap to (Business Services, Payroll, Student Account Services or International Students) for timely completion of the process.

For non-US corporate entities, Business Services will provide the form necessary to collect required documentation about the entity. This form should be completed and returned to Business Services for processing.

After tax clearance is obtained, the transaction PO may be finalized. Follow-up reporting, withholding, or other requirements will be done by the appropriate area (Business Services, Payroll, Student Account Services or International Students).