



COLLEGE OF CHARLESTON POLICY AND PROCEDURE

Number & Title: Taxpayer Identification Number	Originated: 4/30/06
Owner: Controller's Office	Reviewed: Revised:

Policy Statement:

The College of Charleston (COFC) requires a taxpayer identification number for every person/organization it pays to ensure compliance with the Internal Revenue Service (IRS) code Publication 1281 – A Guide to Backup Withholding.

Procedure:

- A. Form W-9 Request for Taxpayer Identification Number and Certification is used to request the taxpayer identification number (TIN) of a U. S. person/organization (including a resident alien) and to request certain certifications and claims for exemption. The U. S. person uses the Form W-9 to certify his/its TIN is correct or that no backup withholding is required on payments received from the payer. In addition, this form is necessary for determining how companies are organized (e.g., not for profit, professional corporation, foreign corporation, etc.)
1. The COFC may refuse to pay invoices from vendors who do not have a TIN on file. (Note: If a payee refuses or neglects to provide a TIN, the payer must begin backup withholding immediately on any reportable payments and begin the required annual solicitation (request) for the TIN. Backup withhold must continue until a TIN is provided.)
 2. The COFC Procurement Office will require a Form W-9 for each new vendor prior to a purchase order being issued.

3. The COFC Controller's Office will request a Form W-9 for each new vendor paid through the direct voucher (expense authorization) system.
4. A Form W-9 will become inactive if a vendor does not receive any type of payment within one calendar-year period.
5. The COFC – Controller's Office will maintain the Forms W-9 files on all vendors.
6. The COFC will exercise its right to use a substitute Form W-9 ensuring that its content is similar to the official IRS Form W-9 and it satisfies certain certification requirements.

B. The most common types of TINs are:

1. The Social Security Number (SSN) issued by the Social Security Administration;
2. The Employer Identification Number (EIN) issued by the IRS to business entities for federal tax reporting purposes; and
3. The Individual Taxpayer Identification Number (ITIN) issued by the IRS to resident aliens and nonresident aliens who are not eligible for SSNs.

C. Names and TINs to Use for Information Reporting

1. The full name and address as provided on Form W-9 will be shown on the information return filed with the IRS and on the copy furnished to the payee.
2. If payments are made to more than one payee or the account is in more than one name, the name of the payee whose TIN is shown on the information return is reflected on the first name line and any other names of any other individual payees will be shown in the area below the first name line.
3. For a sole proprietor, the individual's name will show on the first name line and on the second name line, the business name or "doing business as (DBA)," if provided.
4. The Controller's Office will respond to any IRS notices of incorrect or non-matching payees' names and TINs.

Roles and Responsibilities:

- A. The Controller's Office and the Procurement Office share the responsibility for requesting Forms W-9 on vendors for TIN purposes.
- B. Payments most common to the College's environment that are subject to backup withholding include: rents and commissions, non-employee compensation for services, reportable proceeds paid to attorneys and other

fixed or determinable gains, profits, or income payments reportable on Form 1099-MISC, Miscellaneous Income.

C. In the event that a payee does not provide a TIN in the manner required, (per IRS regulations) the Controller's Office is not required to backup withhold on any payments made if the payee is:

1. An organization exempt from tax under section 501(a), any IRA, or a custodial account under section 403(b)(7) if the account satisfies the requirements of section 401(f)(2)
2. The United States or any of its agencies or instrumentalities,
3. A state, the District of Columbia, a possession of the United States, or any of their political subdivisions or instrumentalities,
4. A foreign government or any of its political subdivisions, agencies, or its political subdivisions, agencies, or instrumentalities, or
5. An international organization or any of its agencies or instrumentalities.

Other payees that may be exempt from backup withholding include:

6. A corporation,
7. A foreign central bank of issue,
8. A dealer in securities or commodities required to register in the United States, the District of Columbia or a possession of the United States,
9. A futures commission merchant registered with the Commodity Futures Trading Commission,
10. A real estate investment trust,
11. An entity registered at all times during the tax year under the Investment Company Act of 1940,
12. A common trust fund operated by a bank under section 584(a) custodian, or
13. A financial institution,
14. A middleman known in the investment community as a nominee or custodian, or
15. A trust exempt from tax under section 664 or described in section 4967.

D. Failure to furnish a correct TIN to the College may subject the payee to a penalty of \$50 for each such failure unless the failure is due to reasonable cause and not to willful neglect.

Definitions

A. Backup withholding requires persons making certain payments and under certain conditions to withhold and pay to the IRS a percentage of such payments. Payments that may be subject to backup withholding include

interest, dividends, broker and barter exchange transactions, rents, royalties, non-employee pay.

- 1. Payments will be subject to backup withholding if the payee does not furnish a TIN to the requester;**
- 2. The payee does not certify the TIN when required;**
- 3. The IRS notifies the requester that an incorrect TIN was furnished;**
- 4. The IRS tells the payee that he/it is subject to backup withholding;**
- and**
- 5. The payee does not certify to the requester that it/he is not subject to backup withholding under number four of this section.**

B. For Federal purposes, a U. S. person includes but is not limited to:

- 1. An individual who is a citizen or resident of the United States;**
- 2. A partnership, corporation, company or association created or organized in the United States or under the laws of the United States,**
- 3. Any estate (other than a foreign estate) or trust.**