

Types of Personal Payments

Personal Payments Paid through Accounts Payable

- Prospective Employee Reimbursement – Non-taxable BUT...
 - If paying for spouse/family it will be TAXABLE
 - Documents Required:
 - Form 17c
 - Original Receipts
- Living Allowance- Taxability dependent on immigration status
 - Documents Required:
 - Payee Certification (PC) form
 - Invitation Letter
 - Glacier w/required documents for international payees
 - Individual's visa type does determine if payable or not (i.e. F2 NOT allowed)
- Fees to Performers (and athletes) – Always taxable
 - Documents Required:
 - Payee Certification (PC) form
 - Contract
 - Glacier
 - Invoice (if app)
- Prizes & Awards
 - Non-Purdue Employee paid thru Accts Payable
- Cash Advances
 - Employees ONLY
 - Documents Required:
 - Expense Estimate
 - Promissory Note (signed)
 - IRB #
 - If unused cash advance not returned after completion of event advance will be taxable income
- Human Subjects – Always Taxable
 - Documents Required:
 - Payee Certification (PC) form
 - Human Subject Invoice Log
 - Glacier (if international)
- Honorarium – Always taxable
 - Payment to speaker as a “thank you”
 - Documents Required:
 - Payee Certification (PC) form
 - Glacier
 - Allowed based on Visa type

- Consulting Agreement (contractor payments)
 - Paid to Non-Purdue Employees
 - Requires a Statement of Work (SOW)
 - Deliverables must be clearly defined in SOW
 - Documents Required:
 - Domestic Payments:
 - Payee Certificate (PC) form
 - Consultant Invoice
 - Copy of signed agreement
 - Foreign Payments:
 - Physically located w/in US when services performed
 - Same documents as for Domestic payments plus...
 - W-8BEN-E (business) OR
 - Glacier

Personal Payments Paid Division of Financial Aid (DFA) /ScholarshipUniverse

- Prizes & Awards
 - Payments to Purdue students thru Financial Aid/ScholarshipUniverse
 - Non-service Scholarships- Purdue students paid through Financial Aid
 - Payments based on academics or other criteria (i.e. financial need)

Personal Payments Paid through Payroll

- Moving Allowance – Always taxable
- Non-service Fellowship
 - Is the person really doing work to get payment or is it a hands-on experience (like a student)
- Prizes & Awards
 - Not enrolled student or Purdue EE paid thru payroll

Miscellaneous Information

- Reimbursement of Expenses – May be taxable
- Prizes & Awards
 - *Award*: achievement performance or other criteria
 - *Prize*: competition or other criteria
- Payment Methods
 - Wire Transfers- method of payment
 - Typically: International payees
 - Documents Required:
 - Specific payment info
 - Payee Certification (PC) form
 - Bank Verification
 - Wire Transfer requisition form
 - Glacier (if services/work performed in US)
 - W-8BEN-E for foreign companies working in the US
 - University Checks (NOT to international)

- Direct Deposit
- ACH
- Paying via Ariba or Credit Cards CANNOT be done
- International Payments
 - Visa restrictions
 - Payments to persons and companies w/o US Tax ID (SSN, ITIN or EIN)
 - Students cannot be paid for service outside of payroll as violates immigration status
 - Pay as wages, awards, prizes, scholarships, fellowships, human subjects
- Anyone listed in SF in any form including Visiting Scholars does not need a Sub W9
- Glacier required for any international payments

Common Errors

- We are required by IRS to pay the person who did the work NOT a 3rd party
- Payment to international payee may be lower than expected due to the required 30% fed tax withholding
 - Dept should consider grossing up amount
- If there is no SSN on a W-8BEN-E there is an automatic 30% withholding
- Payee Certification (PC) form Errors
 - Vague details for purpose of payments (Stipend is NOT a payment type)
 - Missing specific details for each line item
 - Mismatched names, payment not classified correctly, payment type on Glacier forms incorrect
 - Box for "Paid by Purdue before" not marked correctly (more than 1 payment per CY usually requires a Consultant Agreement)
 - Work completed outside US needs to be identified to ensure full review and reporting
 - Entries on Forms do not match tax entity on Sub W9 or Glacier
- One time vendor payment
 - The vendor for payment does not already exist
 - There are no known additional payments expected to the vendor or planned future payment – NO TAX IMPLICATIONS involved
 - Not aware of any future payments
 - Can pay international via OTV payment process must go to a domestic account (NOT doing wires for OTV payments)