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)
  o Paid to Non-Purdue Employees
  o Requires a Statement of Work (SOW)
    ▪ Deliverables must be clearly defined in SOW
  o 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
  o Payments to Purdue students thru Financial Aid/ScholarshipUniverse
  o 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
  o Is the person really doing work to get payment or is it a hands-on experience (like a student)

• Prizes & Awards
  o Not enrolled student or Purdue EE paid thru payroll

Miscellaneous Information

• Reimbursement of Expenses – May be taxable

• Prizes & Awards
  o Award: achievement performance or other criteria
  o Prize: competition or other criteria

• Payment Methods
  o Wire Transfers- method of payment
    ▪ Typically: International payees
  o 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
  o 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 ED (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
  o 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
  o Vague details for purpose of payments (Stipend is NOT a payment type)
  o Missing specific details for each line item
  o Mismatched names, payment not classified correctly, payment type on Glacier forms incorrect
  o Box for “Paid by Purdue before” not marked correctly (more than 1 payment per CY usually requires a Consultant Agreement)
  o Work completed outside US needs to be identified to ensure full review and reporting
  o Entries on Forms do not match tax entity on Sub W9 or Glacier

• One time vendor payment
  o The vendor for payment does not already exist
  o There are no known additional payments expected to the vendor or planned future payment – NO TAX IMPLICATIONS involved
  o Not aware of any future payments
  o Can pay international visa OTV payment process must go to a domestic account (NOT doing wires for OTV payments)