



## **Policy: W-9 Form Requirements for New Vendors**

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### **PURPOSE OF POLICY:**

The purpose of this policy is to define the requirements for gathering W-9 forms for new vendors added to the Vendor Master. This policy establishes the standards for ensuring that POET and its affiliated entities are in compliance with IRS requirements for 1099 reporting.

### **OVERVIEW:**

POET and its affiliated entities currently maintain a Vendor Master database which is the source of the payment recipient's information. To ensure that the integrity and accuracy of the Vendor Master database is maintained, POET and its affiliated entities have taken several steps to centralize the vendor data and restrict access to add or change vendor data. The W-9 form is an additional measure to confirm the accuracy of the payment recipient's information and is necessary to be in compliance with 1099 reporting provisions under IRC Chap 61, Sec 3406.

### **RESPONSIBILITY:**

**Purchaser:** The Purchaser is responsible for checking with his/her appropriate accounting department to determine if the vendor is new to POET and its affiliated entities. If the vendor is new, the Purchaser is responsible for filling out the Vendor Request Form on Stanza located on the Finance team site in the Library in Forms/Requests. The direct link to the form is <http://sfx-dws2:3435/Vendor>. The form must be completed in its entirety with a W-9 form attached according to the below specifications. If the vendor is an exception per the below specifications, the Purchaser is not required to attach a W-9 form. The form will then route to either the *Designated Business Approver* or the *Vendor Master Approver* depending on the routing process.

**Designated Business Approver:** If applicable, the Designated Business Approver will review the Vendor Request Form for completion and accuracy. The Designated Business Approver will add any additional information that was omitted by the Purchaser or attain additional required documentation. He/She can reject the Vendor Request Form and send it back to the Purchaser for more information if needed. After approval, the Designated Business Approver will submit the Vendor Request Form to the Vendor Master Approver.

**Vendor Master Approver:** The Vendor Master Approver is responsible for validating the vendor information and giving the final approval before the vendor is entered into the Vendor Master database. The Vendor Master Approver will cross-check the vendor information via multiple methods such as TIN Matching, contacting the vendor directly using the contact information, checking the vendor website, etc. If needed, the Vendor Master Approver can reject the Vendor Request Form and send it back to the Purchaser or Designated Business Approver, whichever is applicable. After final approval and verification, the Vendor Master Approver will enter the vendor into the Vendor Master database as well as all necessary systems.

**Accounts Payable:** Accounts Payable will not issue payment to a vendor until vendor setup requirements have been met and the data is available for use. If Accounts Payable receives an invoice that does not correlate to a current vendor in the system, they are responsible for finding the Purchaser and informing them of the vendor request process.

## STATEMENT OF POLICY:

POET and its affiliated entities **requires that all new vendors must have a W-9 form on file** before the vendor is added to the Vendor Master database except for the vendor types listed below. Payment will not be issued to the vendor until vendor setup requirements have been met.

### EXCEPTIONS:

**Transportation Vendors:** Vendors whose primary business is considered freight are not required to have a W-9 form on file. There is an exception from the requirement to fill out Form 1099-MISC for payments made for "freight services". The IRS has consistently interpreted the term "freight" using its plain meaning, "as a method or service for transporting goods or the cost of such transportation" which includes truck, rail, ship and air freight services. POET and its affiliated entities are not required to fill out Form 1099-MISC for vendors of this nature.

**Government Vendors:** Government vendors such as federal, state, city, county and parish agencies are not required to have a W-9 form on file. This includes state-owned colleges and universities. Payments made to any government agency are not reportable, therefore POET and its affiliated entities are not required to fill out Form 1099-MISC for vendors of this nature.

**Travel Reimbursement Vendors:** Vendors who will be reimbursed one time for travel expenses under \$600 are not required to have a W-9 form on file. These vendors are primarily requested by the CARE Team for travel expenses incurred by interview candidates. POET and its affiliated entities are not required to fill out Form 1099-MISC for vendors of this nature.

**Donation Vendors:** Vendors who receive donations are not required to have a W-9 form on file. To request a donation vendor, additional information and explanation may be required to validate the existence of the vendor. The vendor may also need additional approval before it is entered into the Vendor Master database. If applicable, the nonprofit status of the vendor will be verified by the Vendor Master Approver. Donations where no services or benefits were received are not reportable, therefore, POET and its affiliated entities are not required to fill out Form 1099-MISC for vendors of this nature.

**In respect to the statement of policy stated above, if a W-9 form is readily available for any of the above vendor exceptions, it should be attached to the Vendor Request Form. Exceptions are intended to recognize those for which we do not have a reporting or compliance risk. These types of vendors may not regularly provide W-9 documentation in the course of business, making it difficult to attain the form. However, it is an Accounts Payable best practice to gather a W-9 form from ALL vendors to validate the vendor information and TIN.**

### FILE LOCATION:

W-9 forms for all corporate entities will be located in OnBase under POET LLC in the Corp W-9 Forms section and categorized based on GP Vendor Name, W-9 Date, and 1099 Status. W-9 forms for all plants will be located in OnBase under POET LLC in the Plant W-9 Forms section and categorized based on the same characteristics as corporate entities. Paper copies will no longer be kept by POET and its affiliated entities.

### GLOSSARY OF TERMS:

**Vendor:** A person or company that sells goods or services

**Taxpayer Identification Number (TIN):** A nine-digit number used as a tracking number by the IRS for tax purposes and required on all tax returns filed; social security numbers are in the format of XXX-XX-XXXX whereas tax ID numbers are read as XX-XXXXXXX

**W-9 form:** An IRS form, also known as "Request for Taxpayer Identification Number and Certification", which is used by an individual or company to verify his/her/their TIN

**1099-MISC:** An IRS form that reports the year-end summary of all non-employee compensation; covers rent, royalties, self-employment and independent contractor income, crop insurance proceeds and several other kinds of miscellaneous income