



Payment Requests

Summary

Regardless of dollar value, a Payment Request form is used for certain types of commodities for which a formal purchase order is not required or where negotiation by Purchasing Services adds no value. Generally speaking, these payments encompass small, one time and non-contractual orders.

The Payment Request Usages List specifically identifies specific commodities for which a Payment Request form may be used. Commodities not identified on this Usages List must be processed via a Purchase Requisition, P-Card, or Travel Expense Report in accordance with set policy.

Note: When accepted by the payee, a P-Card should be used in lieu of a Payment Request form.

Applicability and Authority

- This procedure applies to all Caltech departments and supersedes any practices in existence prior to its effective date

Definitions

- P-Card – Procurement Card – The credit card authorized to make purchases on behalf of the Institute.
- Payment Request Form – The manual form used to request payments that do not require the benefit of a formal Purchase Order
- Payment Request Usages List – The listing of applicable payments authorized to be issued on a Payment Request Form.

Procedure

Obtaining the Form:

The Payment Request form can be obtained via the Procurement Services website at:

<http://procurement.sites.caltech.edu/departments/payment/payment-forms>

It is important that only current forms are utilized and submitted for payment. Outdated forms or those with missing or incorrect information will be returned for correction.

It is extremely important that you utilize this form, as is, without any modification. The Payment Request form contains particular information Payment Services require in order to process your request quickly and effectively. Any deviation may result in delay of processing.

Below is a sample of the form for visual reference:

The form is titled "PAYMENT Payment Request Form" and is issued by the Payment Services Department at Caltech. It includes the following sections:

- Instructions:** A paragraph explaining that the form must be completed and supported by documentation to justify the request. It refers to the Payment Request Usage List and provides contact information for the Payment Services Department.
- Section 1 - Payment Information:** Fields for Date, Bank/Account, Supplier Name (Payee), Address, City, State, Postal Code, Country, and Phone.
- Section 2 - Tax Reporting/Withholding Information:** Fields for "Is Payee a U.S. Citizen?" and "Is Payee a California Resident?" with checkboxes for "Yes" and "No". It also includes a checkbox for "Do you expect to pay this person more than \$1,500 per calendar year?" and a checkbox for "Is Payee providing a service, where the service is performed?".
- Section 3 - Disposition of Payment:** A checkbox for "Special: Installment/Trade to Progressor" and a note: "Note: Proof of receipt must be submitted for a bill considered as 'paid' pending the PIR as to when the bill is to be charged."
- Section 4 - Expense Distribution:** A table with columns for Invoice Date, Invoice Number, Amount, Project / Task / Award / Disposition, Type of Bill, Invoice Date, Invoice Number, and Amount. It includes a "Grand Total" row.
- Section 5 - Description/Justification:** A large text area for providing details about the request.
- Section 6 - Requester/Approver:** Fields for Requester Name, Dept/Inst & Code, Title, Date, and Office; Approver Name, Approver Signature, Date Approved, and Office.

Submitting the Form for Payment

Once you have completed the form, submit the Payment Request and Addendum form (if applicable) to the Payment Services Department.

- **Preferred Method of Submission (Email):**
Send completed form and supporting documents via a PDF to our dedicated email address at accountspayable@caltech.edu. When submitting your request via email, please do not send originals in the mail. This creates a duplicate submission, which will delay the processing cycle. If the originals are required, the A/P Specialist will notify you.
- **Alternative Method of Submission (Paper):**
Mail completed form and supporting documents to Procurement Services at M/C 103-6.

If you have any questions, please call the Procurement Services Hotline at (626) 395-8900.

Completing the Form

The following information corresponds to the fields located on the Payment Request Form:

Section 1 – Payment Information

- **Date** – This is the date Payment Request is prepared.
- **Date Required** – The date payment for goods/services is needed by the Department. Please be as specific as possible. Avoid using A.S.A.P. or “Rush”. Please remember to allow 3 to 5 business days for processing time.
- **Supplier Name/Payee** – Enter the name of the payee.
- **Address/City/State/Postal Code/Country** – Enter the complete mailing address of the payee. The complete address is required even if the check is to be picked up or if the payment is a direct deposit.
- **Phone** – Enter the complete telephone number of the payee. This is important information in the event that the payee needs to be contacted.

Section 2 – Tax Reporting/Withholding Information

- **Is Payee a U.S. Citizen/ Resident Alien?** – Check the applicable box (used to determine which, if any, tax reporting forms are required by the IRS).
- **Is Payee a Caltech Student or Employee?** – Check the applicable box (used to determine appropriate payment process).
- **Caltech UID** – Needed when the payee is a Caltech employee or student.
- **Do you expect to pay Payee more than \$1,500 during this calendar Year?** – Check the applicable box (used to determine if California State non-resident withholding is required).
- **If Payee is Providing Services, where will the Services be Performed?** – Indicate where services are to be performed (used to determine withholding requirements).
- **Is Payee a California resident?** - Check the applicable box (used to determine tax reportable status and/or withholding requirements) If services are more than \$1,500 in a calendar year **AND** are performed in California by a Nonresident, we are required to withhold at the current California rate

Section 3 – Disposition of Payment

- **Disposition of Payment**– The location and method you would like the Payee’s check to be delivered
 - **U.S. Mail** - Check this box if you want the Payee’s check to be mailed via U.S. mail to Payee’s address. Please include any special mailing instructions in the space provided.
 - **Mail w/Attachments** – Indicate attachments that need to be mailed with the check. Mark and attach these documents appropriately so the processor is able to determine the documents requested mailed with payment.
 - **Direct Deposit** – Check this box if you want the Payee’s check to be directly deposited to the Payee’s bank account. NOTE: Payee must have a completed Direct Deposit Authorization Form on file. Find this form here:
<http://procurement.sites.caltech.edu/departments/payment/direct-deposit>
 - **Fed Ex** – Indicates the requirement to send the check payment via Fed Ex. Please include a fully completed air bill form. The air bill form must contain the appropriate PTA indicating where to expense the Fed Ex delivery fee.
- **Special Instructions/Note to Processor** - Please provide any additional information regarding the payment in this section. This includes special instructions for mailing or processing.

Section 4 – Expense Distribution

If additional expense distribution is needed, you may access an additional expense distribution form here: <http://procurement.sites.caltech.edu/departments/payment/payment-forms>

- **Invoice Date** – Indicate the date of the supplier’s invoice.
- **Invoice Number** – If a formal invoice is rendered by the supplier, indicate the invoice number.
- **Project** – The Project number(s) to be charged.
- **Task** – The Task number(s) to be charged.
- **Award** – The Award number(s) to be charged.
- **Expenditure Type** – The Expenditure Type for which you would like this order charged. For a listing and/or definition of Expenditure Types, refer to the following link: <https://financial-queries.caltech.edu/pls/cntrl/f?p=100:26:::NO::>
- **Amount** – The amount to be distributed to the appropriate PTA indicated.
- **Description to Appear on Check Stub** – If no invoice numbers are indicated, provide appropriate description to appear on the payment stub. The limit is a maximum of 23 characters. Provide a brief, yet concise description so that the payee will be able to identify, and properly apply the payment.

Section 5 – Description/Justification

- **Description/ Justification** – Enter a brief detailed description of the payment and the business purpose. This section is for justification purposes and will not appear on the payment stub. The expenditure must comply with the Payment Request Usages List.

Section 6 – Requestor/Approver

- **Requestor Name** – The name of the person preparing the Payment Request. Documentation relating to, or concerns regarding this request will be sent to this individual.
- **Department Name & Code** – This is the code assigned to your Division/Department or a subsection that identifies how you want deliveries and paperwork routed. This code is assigned by the Purchasing Services Department in collaboration with Division/Department representatives. If you have questions about the Department Code, please refer to the Purchasing & Payment Services website at <http://procurement.caltech.edu>
- **Ext.** – The extension phone number of the requestor.
- **Mail Code** – The mail code of the requestor.
- **Email** – The email of the requestor.
- **Approver Name** – The full name of the person approving the request. The approver must have the authorization to approve expenses against the PTA (s) listed.
- **Approver Signature** – The Signature of Person authorized to approve expenditures on the account(s). By signing, the Approver acknowledges that the equipment/supplies/services being purchased are needed to accomplish research/teaching objectives, consistent with the requirements of the POETA(s) listed on the Payment Request.
- **Date Approved** – The date the approver granted authorization.

Supporting Documentation

All payment requests will require supporting documentation to substantiate and validate the requested payment. This is generally a copy of the invoice. There may be instances where a formal invoice is not available, such as with DMV payments, seminar registrations, online purchases, etc. In these cases, copies

of order forms, registration documents, receipts, or other documents outlining the payee, the amount to be paid and the product or service being purchased is required.

In the case of payments from internal sources to external payees, such as liens, taxes, settlements, tuition reimbursement, etc. the requestor must provide internal documentation to substantiate the payment. This is required to satisfy audit standards.

Confidential Payments

In the case of confidential payments, the requestor is not required to submit supporting documents. They must, however, retain such supporting documentation in their own files for audit purposes. Confidential payments are rare and should be submitted directly to the Associate Director of Payment Services for handling.

Tax Reporting Regulations

The IRS requires the Institute to report certain payments made to individuals and/or organizations other than corporations, governmental agencies, and tax-exempt organizations such as colleges, and universities. Whether a payment is reportable on depends upon the payment amount, payment type and the supplier's business entity type.

An information return is required if the total payments made to a supplier within the calendar year are equal to or greater than \$600 for domestic payees. Foreign nationals and foreign entities may require backup withholding regardless of dollar amount paid. Royalty payments have a lower reporting threshold of \$10. Tracking of payments to each payee made throughout the year is essential if the Institute is to remain in compliance with IRS reporting regulations.

In addition to Federal Tax Reporting, some instances require specific California Backup withholding. All payments are analyzed to ensure the proper tax withholding when required California State Law.

Payees Subject to Tax Reporting

In accordance with the Internal Revenue Service (IRS), tax reportable payments must be completed through proper channels and tracked in order for federally mandated tax reporting at the end of the calendar year. The following are examples of payment types which are reportable under IRS regulations:

- Artist and other performance fees
- Consulting and other professional services (e.g., accounting and legal services)
- Foreign Nationals and Foreign Entities
- Gross proceeds paid to an attorney or law firm (regardless of whether or not they are incorporated)
- Guest speaker fees
- Honoraria
- Human subject participation
- Living and housing allowance
- Medical/healthcare and legal services (regardless of whether or not the entity is incorporated)
- Payments to individuals or sole proprietors
- Prizes and awards

- Rent or lease (real property, equipment, buildings and housing, etc.)
- Royalties (copyright, patent, intellectual property, etc.)
- Other income payments (fishing boat proceeds, crop insurance proceeds, excess golden parachute payments, etc.)

Tax Reporting – The Middleman Regulation

A 1099M, 1042S or 592B return (also known as an “informational tax return”) is used to report income other than wages, salaries and tips. Generally, the entity paying is responsible for issuing this tax reporting document. If the funds are paid to an intermediary, such as a broker or agent, it is this middleman who must issue the form. There are more than a dozen tax reporting forms, each designed for a different type and source of income.

Employee Reimbursements - Avoiding Middleman Tax Reporting

Employees may be reimbursed for properly substantiated business expenses, however, it is recommended that employees do not use personal funds and seek reimbursement for any payment that may be tax reportable. When an employee is reimbursed for payments made to a supplier who is tax reportable, the employee becomes a middleman in the payment process. In this instance the Institute may be obligated to report the payment made to the IRS, placing the employee into a middleman or “intermediary payer” situation. The middleman (the employee) would then be obligated to issue and send a subsequent tax form to the supplier.

In order to avoid this “middleman” situation, employees are discouraged from paying reportable suppliers directly. The employee should submit the supplier invoice to Payment Services via a Payment Request form so that the Institute can pay the supplier directly. (Note that the payment must be in compliance with set procedure and listed on the Payment Usages List). The Institute becomes responsible for tax reporting, thus eliminating the “intermediary payer” situation.

Using your P-Card for Tax Reportable Payments

Under updated Federal regulations, employees may pay tax reportable suppliers using their P-Card. The bank administrating the P-Card account is responsible for managing reportable payments made to payees. Employees are encouraged to use their P-Card for any payment that does not require a Purchase Order.

Taxable vs. Non Taxable Income

The Institute will not segregate “taxable” versus “non-taxable” payments made to a payee. Simply put, the Institute is not in a position to determine the taxability or what constitutes “income” to each payee. Each individual payee may have different personal tax obligations. The Institute cannot make decisions as to what is, or is not, taxable to a payee. The Institute’s obligation is to report the total dollars paid within a calendar year to suppliers and individuals who are deemed reportable under IRS regulations.

The payee is responsible for their own record keeping related to expenses and income. The portion of the reported amounts may or may not be “taxable” to them.

California Institute of Technology is precluded from offering tax or legal advice. Vendors, suppliers and individuals should consult their own tax accountant or the Internal Revenue Service as to their particular tax consequences and reporting obligations.

Exceptions

Any exceptions that require a deviation from this procedure shall be reviewed and approved by the Director of Procurement Services and coordinated with the Procurement and Payment Services business units.