

Procedure 23715: Special Payments

A. Introduction

Occasionally the University finds it appropriate to use the services of individuals who are not university employees. This procedure explains how to pay these persons.

Federal law requires the University to track all payments for services to people not employed during the current calendar year by the State of Virginia for services rendered to the University which meet the Internal Revenue criteria of "independent services". Per IRS regulations, the University must obtain a [W-9 Form](#) from each of these individuals. When the payments reach \$600 within the calendar year, they must be reported on the appropriate Form 1099 for U.S. citizens. (Payments are permissible to foreign citizens who have a valid visa which allows such payments. However, these payments are subject to withholding and special procedures. Memos detailing the procedures for paying [short term foreign national visitors](#) were issued on May 24, 1999. The Graduate School handles visa issues for foreign nationals. Refer to the [Graduate School Home Page](#) for visa eligibility details). Services reportable on a Form 1099 include but are not limited to:

- Consulting fees
- Honoraria ("payments given to professional persons for services for which fees are not legally or traditionally required")
- Artistic performance
- Human subjects ("payments to individuals participating in research activities")
- Game referee
- Payments to physicians or medical centers

Federal law also requires the University to report all payments for rent and other non-tangibles on a Form 1099. This federal requirement applies to individuals, partnerships, and associations. It does not apply to corporations or companies.

B. U. S. Citizen? Foreign National?

If the individual providing the service is not a United States citizen, contact the Graduate School to verify that person's eligibility to receive compensation.

C. Purchasing? Accounting? Payroll?

Once it has been determined that a person is eligible for compensation, determine the appropriate process:

Controller's Office Procedure

- If a person who renders services to the university has not been and will not be a university employee during the current calendar year, the first step is to determine if that person has independent contractor status.
- If a person meets the criteria as an independent contractor, payment should be made by a State invoice. Purchasing procedures must be followed. See [University Policy/Procedure 3015 - Contract Signature](#), and [University Policy/Procedure 3220 - Direct Payment Procedures](#) for related purchasing policies and procedures.
- If the individual is a State employee or does not meet the criteria as an independent contractor, refer to Personnel Services Procedures.

D. Minimum Information Needs

Regardless of the final decision as to method of payment, you will need certain information ready:

- Name and Title
- Dates of service
- Description of service
- Amount to be paid
- Frequency of payment
- Statement listing and certifying qualifications of appointee
- Source of funding