

To: DASACC Financial Contacts

From: Michael Keays, State Accounting Administrator

RE: Address Book Records
New Substitute Form W-9 Requirement
New Requirements for Foreign Vendors-Form W-8
Updated Information on the ACH payment process

Date: October 15, 2010

Effective January 1, 2012, the Internal Revenue Service (IRS) has mandated, in general, governmental agencies withhold 3% from vendor payments for goods and services. The draft IRS rules for this new law require governments to withhold 3% of payments of \$10,000 or more. Due to this law and in an effort to preserve Address Book numbers in EnterpriseOne (E1), Administrative Services (AS) is in the process of cleansing vendor and payee records in the Address Book of E1. To begin the process, we will be deleting over 15,000 unused V (vendor), VP (political subdivision payment), and PP (payment) records in the Address Book. Analysis has been performed to determine there has been no procurement, receipt or payment activity on these records since December 31st, 2005. Please take time to discuss this within your agency and contact Dee Ward at 471-0603 or dee.ward@nebraska.gov prior to October 22nd with any concerns.

AS State Accounting has registered with the IRS to begin the (Tax Identification Number) TIN Matching process by the end of calendar 2010, in an attempt to have the most current 1099 payee information updated in the Address Book in time for 1099 processing. This program will match the payee with the W-9 name; and the TIN with IRS record to further reduce the error rate in TIN validation. AS State Accounting has developed a new substitute Form W-9 in order to assist the State of Nebraska (State) vendors/payees with the W-9 form process. [Click here to open the new substitute Form W-9.](#) Agencies should begin using this form immediately and destroy any old versions that you have on hand. This form will also be available on the AS State Accounting website. Please remember that the business address on the Form W-9 is usually the vendor's home or corporate address. This should not be confused with the "remit to" or "purchase order" addresses included in the Address Book request for new or changes to existing address book records. Agency personnel are responsible for ensuring the correct "remit to" information from the vendor invoice is included in the Address Book request.

Effective immediately AS State Accounting will be requiring the completion of a Form W-8 for the establishment of new foreign vendors (those with mailing addresses outside of the United States) and changes to existing foreign records. AS State Accounting has been trying to be preemptive in obtaining the appropriate W-8 form (or in some instances W-9 form) to be compliant with the IRS as it relates to backup withholding and the TIN Matching process. Foreign vendors are required to either complete a correct IRS Form W-9 or one of the four versions of the IRS Form W-8. The correct form (either a W-9, W-8BEN, W-8ECI, W-8IMY or W-8EXP) is selected and completed by the vendor. It is the responsibility of the foreign vendor to recognize the type of business transaction that they are performing with the State of Nebraska and to prepare the proper form. (Most Canadian vendors know the correct form they need to submit.) If the completed Form W-8 does not include a US Taxpayer ID, use the word "FOREIGN" in the Tax ID field of the Address Book request.

In previous years, the State Treasurer's Office and Administrative Services have mandated that all payments in excess of \$25,000 be sent electronically through the Automated Clearing House (ACH) payment process. As a part of the mandate, vendors receiving multiple payments in a given year were also subject to this ACH mandate. Our agencies are working together to phase in the remaining state vendors that are receiving multiple warrants in a year to enroll them in the ACH payment process. Letters will be sent to vendors in the upcoming weeks. It will be a gradual process with only ten letters

sent each week. Please make sure the vendors you work and communicate with are aware that it will not be necessary for them to fill out another form, if they currently have banking information on file with the State, unless they need to make changes such as different bank account information, or they have had a change in Federal Tax ID and/or Business Name.

[Click here to open the updated ACH Enrollment form](#) that has been approved by the State Treasurer's Office and AS State Accounting. Agencies should not be utilizing older versions of this form. If you have older versions on hand, please destroy them and begin using the current version. The current version is available on both the [AS State Accounting](#) and the [State Treasurer's](#) websites. If your agency has made changes to the prescribed version for any reason, please email a copy of the modified form that you are using to the nst.tmstaff@nebraska.gov.

If your agency has questions regarding any of the information above, please email Dee Ward at dee.ward@nebraska.gov or call her at 471-0603.