Welcome to the Finance and Administration Update Meeting for May

The meeting will begin at 10:00 AM
Zoom Only
Finance and Administration Update Meeting

- Time: last working Friday of every month at 10:00 AM
- Delivery method: view/listen only on Zoom
- Slides and other resources will be available after the meeting at:
  - Finance and Administration Updates Google Drive
  - Controller’s Office website: https://controller.appstate.edu/
- Contacts: Yifan Zhou (zhouya@appstate.edu), McKenzie Harris (Google Group and Google Drive) (harrismk@appstate.edu)
Meeting Agenda

- General Information, updates, and reminders
- Foreign Payment Overview and Request in Yomart
- Taxable Reimbursements and Benefits Reporting Form
- Missing or Incomplete Receipt Affidavit
- Q&A
General Information/ Updates/ Reminders

- No Meeting for July and August
Foreign Purchases Overview

- Presented by: Yifan Zhou
- Contacts:
  - YoMart: Anna Bajka
  - P-Card: Jane Fitchlee
  - Purchasing: Chad Hicks
  - ITS: Jim Webb
  - Tax Compliance: McKenzie Harris
  - International Wires: Amy Moody
  - Accounts Payable: Myra Hayler
Foreign Purchases Overview

- ITS approval is required for software purchases
- **Contact Purchasing if:**
  - a purchase order is required, and/or
  - any other procurement questions
- **Contact Tax Compliance for:**
  - treaty benefits,
  - withholding tax rate, and
  - required tax forms
- **Contact General Accounting for:**
  - Vendor Setup
  - Payments including payments by wire transfers
Payments to Foreign National Individuals

1. Complete Vendor Information Form and Form W-8BEN and submit it to Dawn Sturgill for vendor setup and TCM sync.
2. Complete Payments to Foreign Individuals Form and submit it to McKenzie Harris via Filelocker.
3. Tax Compliance returns the Payments to Foreign Individuals Form to department requestor.
4. Submit the payment request in Yomart and attach the following documents:
   ○ Payments to/on Behalf of Foreign Individuals
   ○ Link the fully executed contract
   ○ Certification of Work Performed Outside the U.S., if applicable
   ○ Invoice, if applicable
   ○ Other documentation
5. Complete Wire Transfer Request DocuSign Form upon notification from Tax Compliance, if applicable

This contract/process does not cover the teaching services. Foreign national individuals teaching online classes outside of the U.S. cannot be treated as independent contractors and need to follow a completely different process.
Payments to Foreign Entities

1. Complete Vendor Information Form and Form W-8BEN-E and submit it to Dawn Sturgill for vendor setup and TCM sync.
2. Contact ITS for approval via ITS Acquisition Process, if applicable
3. If a purchase order is needed, request it via “Supplier TBD” in Yomart
4. Submit the payment request in Yomart and attach the following documents:
   ○ Link the fully executed contract
   ○ Certification of Work Performed Outside the U.S., if applicable
   ○ Invoice if goods are purchased
   ○ Prepayment Authorization Form, if applicable
   ○ Other documentation
5. Complete Wire Transfer Request DocuSign Form upon notification from Tax Compliance, if applicable
International Purchases Using P-Card

1. Submit the Payments to Foreign National Company Request before you pay foreign vendor(s) for approval

2. Tax Compliance will notify you:
   ● Tax withholding rate
   ● Tax form(s) required
   ● Other approvals required (courtesy check)

3. Collect the required form(s) and obtain additional approvals

4. If applicable, notify Tax Compliance how the tax will be paid (direct withholding or gross up)

5. Make the payment and send the P-Card charges to Tax Compliance (McKenzie Harris)

6. If applicable, Tax Compliance charges the taxes to the Department’s fund
Foreign Payment Requests in Yomart

What is this for?

Use this form for any payments to a foreign individual or entity.

Do not use this Yomart Form for:

- Travel reimbursements/payments such as airfare, lodging, ground transportation
- Candidates for vacant positions
- Reimbursements to employees for business meals with foreign individuals
- Reimbursements to foreign national employees
Foreign Payments in Yomart

- Examples of purchases:
  - Tangible Goods
  - Software
  - Services
  - Honorariums
  - Scholarships/fellowships/travel grants/human subject payments
  - Prizes and awards
  - Other non-wage payments

- Payee Types:
  - Foreign national individuals:
    - Foreign national visiting scholars
    - Foreign national students
    - Foreign national guest speakers/lecturers/presenters
    - Foreign national performers
    - Foreign national independent service providers
  - Foreign national entities
Foreign Payments in Yomart

The Foreign Payment Request looks very similar to the Online Direct Payment form.
Taxable Reimbursements and Benefits Reporting Form

- Presented by: David Jamison, University Controller

- Contact:
  - jamisondt@appstate.edu
  - (828) 262-6426
What is income?

IRS

26 U.S. Code § 61 - Gross income defined

Generally income includes receiving something of value.
So......

What is taxable income?

Unless it’s not.
Taxable Fringe Benefits

- **Personal Use of a University Vehicle**
  - University Vehicle: any vehicle leased, owned or insured by the University.
  - Examples of personal use: commuting, vacation or weekend use and use by family member
  - Business: must be substantiated

- **Clothing or Apparel Allowance**
  - Non taxable only if:
    - the clothing is required or essential in the individual’s employment;
    - the clothing is not suitable for general or personal wear; and
    - the clothing is not so worn.
  - De minimis fringe exclusion: low value and infrequent

- **Club Memberships and Dues**
  - For clubs organized for business, pleasure, recreation, or other social purpose - Taxable
  - For professional organizations that will benefit the department/University - Non Taxable

- **Commuting**
  - Travel between personal residence to duty station
  - Usually not reimbursable. If it is reimbursed, it must be paid through payroll and reported on W-2.
Taxable Fringe Benefits

- **Educational Benefits**
  - Tuition waiver for employees (monitored and reported by Tax Compliance and Student Accounts)
    - Undergraduate - non-taxable
    - Graduate - Taxable - amount in excess of $5,250
  - Educational Assistance Program - non taxable if the total does not exceed $5,250
  - Working condition fringe benefits - restrictions apply

- **Taxable Expense Reimbursements**
  - Expenses not covered by the University policies
  - Travel reimbursements not submitted within a reasonable time period
  - Reimbursement of nondeductible expenses
  - Excess reimbursements/advances that are not returned to the University
  - Per Diem for one-day trips
  - Spouse/companion Travel, exceptions apply
Taxable Fringe Benefits

- **Gifts, Prizes and Awards**
  - Cash and cash equivalents are always taxable
  - Tangible personal property are taxable unless it meets one of the exclusions:
    - Length of Service Awards, restrictions apply
    - Safety achievement awards, restrictions apply
    - De minimis (low value and infrequent)

- **Immigration-Related Fees**
  - Fees primarily relate to the business of the University - non taxable
  - Personal expense of an employee - Taxable

- **Lodging/Temporary Housing**
  - Generally taxable except:
    1. Qualified Section 139 disaster relief
    2. Lodging meets the following tests:
      - It is furnished on your business premises,
      - It is furnished for your convenience, and
      - The employee must accept it as a condition of employment.
Taxable Fringe Benefits

- Employer Provided Meals
  - Generally taxable except:
    1. Qualified Section 139 disaster relief
    2. Meals are:
       - furnished on the business premises of the employer, AND
       - furnished for the convenience of the employer.
    3. De minimis meals
    4. Business entertainment meals

- Personal Use of University Facilities
  - Generally taxable with two exclusions for recreational facilities:
    ■ No additional cost exclusion
    ■ Qualified employee discount exclusion

- Relocation/Moving Expenses
  - All taxable
  - Must follow the University Policy 602.35 and State Budget manual 6.8 and 6.9
Taxable Fringe Benefits

- **Event Tickets**
  - Complimentary or discounted tickets to athletic and/or entertainment events are taxable with the following possible exclusions:
    - No additional cost exclusion
    - Qualified employee discount exclusion
    - Working condition fringe exclusion
    - De minimis fringe exclusion
- **Employee Human Subject Payment/research incentives** - Taxable
New Form for reporting

Effective July 1, 2021

Be on the lookout for:

- Accounting manual updates
- Website Updates
- How to information and flow chart
- **Electronic form (DocuSign)**
Missing Receipts

Guidance can be found in both the Travel Manual and Accounting Manual @ www.controller.appstate.edu

Paperform currently Transitioning to DocuSign
Questions?
Thank You for Attending
We hope to see you at the next meeting in June!