



# ConnectCarolina 2018 User Conference

## **Tips for Submitting Foreign Vendor Requests**

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## Presentation Outline

- What documents are required to set up a foreign vendor?
- What are some of the common reasons a foreign vendor request is denied?
- How do we actually pay a foreign vendor?
- What are some common mistakes departments make when trying to pay a foreign vendor?
- Final Questions



## Get to know your foreign vendor classifications

- **Independent Contractor (IC)** – an individual who is compensated for providing a service  
Examples: honorarium, music performance, dance performance
- **Outside Party Individual (OPI)** – an individual who is not compensated for providing a service  
Examples: travel reimbursement, royalty recipients, prize winners

Please note: If an individual is not getting compensated for an honorarium but is only getting a travel reimbursement, the classification is OPI



## Get to know your foreign vendor classifications (cont'd)

- **Outside Party** – foreign organization/company
- **Foreign Student**– student currently enrolled at UNC who is not a US permanent resident or US citizen



- Foreign vendor classification will help determine which documentation you will need to submit to obtain a vendor ID
- Documentation to obtain a vendor ID for foreign Independent Contractors only should be submitted to [IC\\_Review@unc.edu](mailto:IC_Review@unc.edu)
- Documentation to obtain a vendor ID for all other foreign vendor classifications should be submitted to [vendor\\_coordinator@unc.edu](mailto:vendor_coordinator@unc.edu)



## Required Documentation to obtain a Vendor ID for an Outside Party

- Foreign Vendor Creation Form
- IRS Form W-8BEN-E (8 page form)
- Banking Information for wire transfer payments or ACH payments

Foreign Wire Setup Form or

Vendor Direct Deposit Authorization Form



## Required Documentation to obtain a Vendor ID for a Foreign Student

- IRS Form W-8BEN (1 page form)
- Letter from the department on letterhead
- Additional documentation may be required (i.e. Foreign Vendor Withholding Assessment with supporting documents)



## Required Documentation to obtain a Vendor ID for an Independent Contractor

If the service is provided outside of USA:

- Foreign Vendor Creation Form
- IC Determination Checklist
- IRS Form W-8BEN
- Copy of passport
- Foreign Wire Setup Form or Vendor Direct Deposit Authorization Form

If service fee is over \$10,000 additional documents are needed:

IC Services Agreement, Waiver of Competition and Sole Source Justification





## Required Documentation to obtain a Vendor ID for an Independent Contractor (cont'd)

If the service is provided inside of USA, please also include the following:

- Background check (if applicable)
- VISA or VISA Waiver evidence
- I-94 and Travel History
- IRS Form 8233, if claiming tax treaty benefits
- Foreign Vendor Withholding Assessment



## Required Documentation to obtain a Vendor ID for an Outside Party Individual

- Foreign Vendor Creation Form
- IRS Form W-8BEN (1 page form)
- Copy of passport and/or VISA
- Outside Party Individual Certification Form
- Banking Information for wire transfer payments or ACH payments

Foreign Wire Setup Form or

Vendor Direct Deposit Authorization Form



**You've submitted your paperwork...**

**Now what?**

Where's my Vendor ID?



## COMMON REASONS WHY FOREIGN VENDOR REQUESTS ARE DENIED

Disclaimer: The following is not an exhaustive list



- **Missing Documentation**

All the required documents pertaining to that vendor classification were not submitted

- **Nicknames/Aliases used on forms**

These forms are official documents.

Vendor must use legal name consistently on all documents



- IRS Form W-8BEN: not signed by the vendor  
not dated by the vendor
- IRS Form W-8BEN-E: not signed by the vendor  
not dated by the vendor  
no check in certification box  
all 8 pages not submitted

Please note: A digital signature is acceptable  
Typing a name in a signature field is not a digital signature



## W-8BEN example:

Sign Here



Signature of beneficial owner (or individual authorized to sign for beneficial owner)	Date (MM-DD-YYYY)
Print name of signer	Capacity in which acting (if form is not signed by beneficial owner)

## W-8BEN-E example:

Sign Here



Signature of individual authorized to sign for beneficial owner	Print Name	Date (MM-DD-YYYY)

I certify that I have the capacity to sign for the entity identified on line 1 of this form.



- UNC Forms not signed and/or not dated

Outside Party Individual Certification Form

IC Determination checklist

Foreign Vendor Withholding Assessment





- Old revisions of forms should no longer be used
- Be careful about using forms saved on your computer's hard drive
- Use links to forms whenever possible for every single form

## Examples :

Form **W-8BEN-E**

(Rev. April 2016)

Department of the Treasury  
Internal Revenue Service

Form **W-8BEN-E**

(Rev. July 2017)

Department of the Treasury  
Internal Revenue Service



- Conflicting information regarding the currency that the vendor's bank accounts accepts

Example:

Foreign Wire Setup Form indicates banking currency= Euros

Foreign Vendor Creation Form indicates vendor preference = USD

- Don't assume a bank account overseas will accept US dollars
- Sending the wrong currency leads to a wire transfer failure!



**SUBMIT FOREIGN VENDOR  
DOCUMENTATION WELL IN ADVANCE  
BEFORE YOU ACTUALLY NEED A  
VENDOR ID**



## An Important Note About Foreign Independent Contractors

- Departments should commit to pay a vendor only after the IC approval process is complete
  - Visa status might render an IC ineligible to be paid under IRS rules
  - Tax rates may not be determined until after the IC approval process is complete
  - Other restrictions may apply



## Paying Foreign Vendors





## Payment Methods for Foreign Vendors

- Wire transfer to a bank account in a foreign country may be in US dollars or in a foreign currency
- Foreign vendors with bank accounts in the United States can be paid by ACH



- All payments to foreign vendors will be ultimately recorded on a voucher
- The voucher in ConnectCarolina is created by one of three parties:
  - The Purchase Order Team
  - Your Department or
  - Accounting Services



## When to submit a voucher for payment

Your department submits a voucher for payment thru ConnectCarolina if the payment does not belong on a purchase order and:

- A) Payment is in US dollars or
- B) Payment is a fixed US dollar amount of a foreign currency

Example: If payment is for 500 US dollars' worth of Euros, then your department submits a voucher for payment thru ConnectCarolina





## When not to submit a voucher for payment

- If it belongs on a purchase order (PO), the Purchase Order Team of the PO Team Leader (Justin Hanford) or the PO Technician (Ken Thurheimer) will create the voucher for you. You may be contacted if info or documentation is needed.



## When not to submit a voucher for payment (cont'd)

- Payment is for foreign currency where the amount is not tied to US dollars (USD)

Example: If payment is for 500 Euros, then your department does not submit a voucher for payment thru ConnectCarolina

Accounting Services creates the voucher using the precise currency conversion rate at the time of the wire transfer since the voucher is always recorded in USD. Submit the invoice and completed Outgoing Foreign Wire Transfer in Foreign Currency Form with original ink authorization signature to the Central Audit Technician (Rodrigo Soberano) in Accounts Payable via campus mail.



Assume these do not require a purchase order  
Will your department submit a voucher for payment  
thru ConnectCarolina?

500 US dollars YES!

500 US dollars worth of Euros YES!

500 Euros NO!

Why? Think of currency conversion rate fluctuations!



## Outgoing Foreign Wire Transfer in Foreign Currency Form

When must your department fill out this form?

If ConnectCarolina is not able to send the money overseas, then this form is required so that Accounting Services can process the payment using Cashpro software



## Outgoing Foreign Wire Transfer in Foreign Currency Form (cont'd)

ConnectCarolina is capable of processing “simple” wire transfer payments only. These include wire transfers that are

- in US dollars
- don't require an intermediary bank and
- don't require special instructions

*No form is required in this case !*



## Outgoing Foreign Wire Transfer in Foreign Currency Form (cont'd)

Your department is required to complete this form when payment is

- in foreign currency or
- in US Dollars and requires an intermediary bank or special instructions

The form is needed so that Accounting Services can process the payment using Cashpro software



## Outgoing Foreign Wire Transfer in Foreign Currency Form (cont'd)

Common issues when filling out the form:

- Tyopgraphical errors in bank account numbers, IBANs, SWIFT Codes, vendor names, etc.

Tips:      Read what you have typed  
                  Haste makes waste (slow down!)  
                  Don't use white out/correction tape!



## Outgoing Foreign Wire Transfer in Foreign Currency Form (cont'd)

Common issues when filling out the form:

- Authorized signature should be of someone who is not the preparer

Preparer

John Smith

Authorization Signature

  
\_\_\_\_\_

Someone else in the department needs to sign!





## Outgoing Foreign Wire Transfer in Foreign Currency Form (cont'd)

Common issues when filling out the form:

- Send Foreign Currency at Fixed USD amount?

Transaction Currency

Euros

Transaction Amount

1000

Send Foreign Currency at Fixed USD Amount?

Payment Description

*(attach additional spreadsheet*

Travel reimbursement

YES

NO

Transaction Currency

Euros

Transaction Amount

1000

Send Foreign Currency at Fixed USD Amount?

Payment Description

*(attach additional spreadsheet*

Travel reimbursement

YES

NO

**How much money are we sending in each case?**



## Outgoing Foreign Wire Transfer in Foreign Currency Form (cont'd)

Common issues when filling out the form:

- Send Foreign Currency at Fixed USD amount?

Transaction Currency

Euros

Transaction Amount

1000

Send Foreign Currency at Fixed USD Amount?

Payment Description

*(attach additional spreadsheet*

Travel reimbursement

YES

NO

**1000 EUROS**

Transaction Currency

Euros

Transaction Amount

1000

Send Foreign Currency at Fixed USD Amount?

Payment Description

*(attach additional spreadsheet*

Travel reimbursement

YES

NO

**1000 US  
Dollars'  
worth of  
EUROS**



## RESOURCES

### UNC Vendor Management Webpage

<https://finance.unc.edu/departments/strategic-sourcing-payment/procurement/accounts-payable-travel-services/ap/vendor-management/>

### Guidelines for Vendor Documentation

<https://unc.policystat.com/policy/5479343/latest/>

<https://finance.unc.edu/departments/strategic-sourcing-payment/procurement/accounts-payable-travel-services/ap/guidelines-vendor-documentation/>



Making the connections

**QUESTIONS?**