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

<u>Please note</u>: If an individual is <u>not</u> 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

Making the connections

Tips for Submitting Foreign Vendor Requests

- 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
- Documentation to obtain a vendor ID for all other foreign vendor classifications should be submitted to 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 <u>inside</u> of USA, please <u>also</u> 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

<u>Disclaimer</u>: The following is <u>not</u> an exhaustive list

Making the connections

Tips for Submitting Foreign Vendor Requests

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

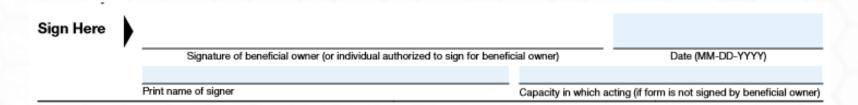
<u>Please note</u>: A digital signature is acceptable

Typing a name in a signature field is not a

digital signature



W-8BEN example:



W-8BEN-E example:

Sign Here	1			
	•	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 identi	ified on line 1 of this form.	



UNC Forms not signed and/or not dated

Outside Party Individual Certification Form

IC Determination checklist

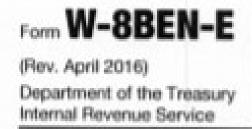
Foreign Vendor Withholding Assessment





- 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 <u>every single</u> form

Examples:



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 <u>not</u> 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 <u>not</u> 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 <u>not</u> 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!





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





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!





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





Common issues when filling out the form:

Tyopgraphical errors in bank account numbers,

IBANs, SWIFT Codes, vendor names, etc.

<u>Tips</u>: Read what you have typed

Haste makes waste (slow down!)

Don't use white out/correction tape!





Common issues when filling out the form:

Authorized signature should be of someone who is <u>not</u> the preparer

Preparer

Authorization Signature

John Smith

Smth

Someone else in the department needs to sign!





Common issues when filling out the form:

– Send Foreign Currency at Fixed USD amount?

Transaction Currency Euros Transaction Amount	Payment Description (attach additional spreadsheet Travel reimbursement	
1000 Send Foreign Currency at Fixed USD Amount?	YES ✓ NO	How much money are we sending in each case?
Transaction Currency Euros	Payment Description (attach additional spreadsheet	
Transaction Amount 1000	Travel reimbursement	
end Foreign Currency at Fixed USD Amount?	✓ YES NO	



Common issues when filling out the form:

– Send Foreign Currency at Fixed USD amount?

Transaction Currency	Payment Description	
Euros	(attach additional spreadsheet	
Transaction Amount 1000	Travel reimbursement	1000 EUROS
Send Foreign Currency at Fixed USD Amount?	YES ✓ NO	
Transaction Currency	Payment Description	1000 US
Euros	(attach additional spreadsheet	Dollars' worth of
Transaction Amount 1000	Travel reimbursement	
end Foreign Currency at Fixed USD Amount?	✓ YES NO	EUROS





RESOURCES

UNC Vendor Management Webpage

https://finance.unc.edu/departments/strategic-sourcingpayment/procurement/accounts-payable-travelservices/ap/vendor-management/

Guidelines for Vendor Documentation

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

https://finance.unc.edu/departments/strategic-sourcingpayment/procurement/accounts-payable-travelservices/ap/guidelines-vendor-documentation/



QUESTIONS?