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ACCOUNTING BULLETIN NO. 61

TO: Fiscal Officers of State Agencies
FROM: Jo Ellen Keim, ^{gek} Director of State Accounting
DATE: October 21, 1994
SUBJECT: Vendor Identification Requirements for IRS Reporting

New TIN Type Requirement

To meet IRS Form 1099 reporting requirements, beginning January 1, 1995, the taxpayer identification number (TIN) reported on a commercial voucher must be identified as a social security number (SSN), employer identification number (EIN), or number assigned or approved by the Comptroller. Identification of the TIN type will be required on Invoice Vouchers (Form C-13), List Vouchers (Form C-14), and Grouping Sheets (Form C-12). It will not be required on Travel Vouchers.

The TIN type will be indicated by a two-digit number. The TIN type codes will be as follows:

- 01 Federal Employer Identification Number
- 02 Social Security Number
- 03 Governmental Unit Code (See CUSAS Procedure 19.20.10)
- 04 Comptroller-assigned number for certain nonreportable payments
- 05 Vendor awaiting assignment of a taxpayer identification number (See CUSAS Procedure 19.10.15)
- 06 Comptroller-assigned number for nonresident alien, foreign corporation or foreign partnership

The two-digit TIN type code should follow the nine-digit TIN on the voucher and be separated from the TIN by at least three spaces. Because the TIN boxes on the current Invoice Voucher (Form C-13) and Grouping Sheet (Form C-12) are large enough to accommodate the additional information, agencies can continue to use existing forms until their supplies are depleted. However, the space on the current List Voucher (Form C-14) is limited.

Until you are able to use the revised form, separate the TIN type code from the TIN by at least one space. The shading will be removed on the revised List Voucher form, adding extra space for the TIN type code. Examples of the revised voucher formats are attached.

For agencies submitting voucher information on magnetic tape, the TIN type code should be entered in fields 65 and 66.

Vouchers not properly identifying the TIN type by January 1, 1995, will be subject to return.

EIN or SSN?

In preparing vouchers, an EIN should be used if the "vendor or payee" on the voucher is a corporation, partnership, estate, or legal trust. If the payee is an individual, the individual's SSN should be used. For sole proprietorships, the payee should be the owner of the sole proprietorship and the TIN should be the owner's SSN. An IRS Form W-9 can be used to obtain the correct name, TIN and legal status from a vendor or payee. A Form W-9 for this purpose is attached. It can be duplicated or additional copies can be obtained from the Comptroller's Office.

You will note that page 2 of the IRS Form W-9 contains special instructions for State of Illinois vendors. Sole proprietorships must enter the owner's SSN in the appropriate box in Part I. According to IRS regulations, the TIN reported on Form 1099 for a sole proprietor can be either a SSN or EIN. However, the State must maintain one account for each vendor. The Comptroller's tax reporting system uses the TIN for this purpose; a separate account number is not assigned. For sole proprietorships, we use the SSN of the owner as the account number instead of the EIN of the business because not all sole proprietorships have an EIN.

TIN Must Match Payee

On IRS records, a social security number matches only with the name of a person. The business name of a sole proprietorship will not match a SSN or an EIN. Therefore, when the payee is an individual or owner of a sole proprietorship, the owner's name **must** appear first in the vendor or payee box on the voucher. The owner's last name should precede the first name and middle name or initial. The "doing business as" (d/b/a) name can follow or be entered on the second line:

sole proprietor: Vendor Vernon E
d/b/a VE Contracting

When vouchering payments to corporations and partnerships, only the payee's name as it appeared on the form used to apply for the entity's EIN will match IRS records. Therefore, if the payee is a smaller operating unit of a larger entity which is a corporation or partnership, the corporation or partnership name should be first, followed by the name of the operating unit:

corporation: Healthcare Inc
 Meadowbrook Nursing Home

partnership: Tri-State Enterprises
 Holiday Hotel

When the vendor's SSN or EIN is used and payments are mailed "in care of" a bank or other entity, the vendor's name should be first, followed by the bank's name:

sole proprietor: Vendor Verna M
 c/o First State Bank

partnership: L & M Plumbing
 c/o First National Bank

When payments are made to an individual for services as an employee of a corporation or partnership, the individual's social security number must be used. This is true even when the individual must give all money received to the corporation or partnership. For example, Dr. Mary Pane is employed by the Midwest Clinic, a corporation. If Dr. Pane is the payee on the voucher, her social security number must be used. If the payee is Midwest Clinic, the EIN of the Clinic should appear on the voucher.

Questions

If you have any questions concerning the correct type of TIN to use for a particular vendor or payee, please contact Lesslie Morgan, Supervisor of Collections and Tax Reporting, (217) 785-2465. Questions concerning the completion of the voucher should be directed to Joe DiRocco, Manager of Contract/Voucher Division, (217) 782-3608.

Grouping Sheet

<p style="text-align: center;">Disposition of Copies</p> <p>1. Comptroller 4. Remittance Copy 2. Agency 5. Agency 3. Agency 6. Agency</p> <p>When multiple Invoice-Vouchers are received from the same vendor with identical vendor number and account code, use this form assigning the same Voucher Number to this form and attached invoice vouchers.</p> <p>NOTE: SEE IMPORTANT INSTRUCTIONS ON BACK OF COPY 6 FOR COMPLETION OF BOX 2</p>	<p>Name and Location of Agency</p> <hr/> <p>1. Taxpayer Identification Number 1a. TIN Type</p> <p>2. Vendor or Payee LAST NAME FIRST NAME MIDDLE INITIAL OR BUSINESS NAME</p>	<p style="font-size: small;">PAYMENT OF INTEREST MAY BE AVAILABLE IF THE STATE FAILS TO COMPLY WITH THE ILLINOIS PROMPT PAYMENT ACT, 30 ILCS 540/1.</p> <p>3. Voucher No.</p> <p>4. Voucher Date</p> <p>5. Appropriation Account Code</p> <p>6.</p> <p>7. Total Amount</p>
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8. Invoice Number	9. Invoice Date	10. Exp. Obj.	Comp Use Only	11. Expenditure Amount	12. Obligation Number	13. F.	14. Payment Amount

15. Total Expenditure Object Amount →	16. Total Payment Amount →
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17. For Agency Use Only

Certification of Receiving Agency

I certify that the goods or services specified on this voucher were for the use of this agency and that the expenditure for such goods or services was authorized and lawfully incurred; that such goods or services meet all the required standards set forth in the purchase agreement or contract to which this voucher relates; and that the amount shown on this voucher is correct and is approved for payment. If applicable, the reporting requirements of Section 5.1 of 'An Act to create the Bureau of the Budget and to define its powers and duties and to make an appropriation', approved April 16, 1969, as amended, have been met.

Approved For Payment

Head of Unit or Authorized Agent

Date

(Date)

Agency Head (Signature)

Request for Taxpayer Identification Number and Certification

Give form to the requester. Do NOT send to the IRS.

Please print or type

Name (If joint names, list first and circle the name of the person or entity whose number you enter in Part I below. See instructions on page 2 if your name has changed.)

Business name (Sole proprietors see instructions on page 2.)

Please check appropriate box: Individual/Sole proprietor Corporation Partnership Other ▶

Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

City, state, and ZIP code

Part I Taxpayer Identification Number (TIN)

List account number(s) here (optional)

Enter your TIN in the appropriate box. For individuals, this is your social security number (SSN). For sole proprietors, see the instructions on page 2. For other entities, it is your employer identification number (EIN). If you do not have a number, see **How To Get a TIN** below.

Social security number								

OR

Employer identification number								

Note: If the account is in more than one name, see the chart on page 2 for guidelines on whose number to enter.

Part II For Payees Exempt From Backup Withholding (See Part II instructions on page 2)

Part III Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.

Certification Instructions.—You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, the acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (Also see **Part III instructions** on page 2.)

Sign Here

Signature ▶

Date ▶

Section references are to the Internal Revenue Code.

Purpose of Form.—A person who is required to file an information return with the IRS must get your correct TIN to report income paid to you, real estate transactions, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA. Use Form W-9 to give your correct TIN to the requester (the person requesting your TIN) and, when applicable, (1) to certify the TIN you are giving is correct (or you are waiting for a number to be issued), (2) to certify you are not subject to backup withholding, or (3) to claim exemption from backup withholding if you are an exempt payee. Giving your correct TIN and making the appropriate certifications will prevent certain payments from being subject to backup withholding.

Note: If a requester gives you a form other than a W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

What Is Backup Withholding?—Persons making certain payments to you must withhold and pay to the IRS 31% of such

payments under certain conditions. This is called "backup withholding." Payments that could be subject to backup withholding include interest, dividends, broker and barter exchange transactions, rents, royalties, nonemployee pay, and certain payments from fishing boat operators. Real estate transactions are not subject to backup withholding.

If you give the requester your correct TIN, make the proper certifications, and report all your taxable interest and dividends on your tax return, your payments will not be subject to backup withholding. Payments you receive will be subject to backup withholding if:

- You do not furnish your TIN to the requester, or
- The IRS tells the requester that you furnished an incorrect TIN, or
- The IRS tells you that you are subject to backup withholding because you did not report all your interest and dividends on your tax return (for reportable interest and dividends only), or
- You do not certify to the requester that you are not subject to backup withholding under 3 above (for reportable

interest and dividend accounts opened after 1983 only), or

5. You do not certify your TIN. See the Part III instructions for exceptions.

Certain payees and payments are exempt from backup withholding and information reporting. See the Part II instructions and the separate **Instructions for the Requester of Form W-9**.

How To Get a TIN.—If you do not have a TIN, apply for one immediately. To apply, get **Form SS-5**, Application for a Social Security Number Card (for individuals), from your local office of the Social Security Administration, or **Form SS-4**, Application for Employer Identification Number (for businesses and all other entities), from your local IRS office.

If you do not have a TIN, write "Applied For" in the space for the TIN in Part I, sign and date the form, and give it to the requester. Generally, you will then have 60 days to get a TIN and give it to the requester. If the requester does not receive your TIN within 60 days, backup withholding, if applicable, will begin and continue until you furnish your TIN.

Note: Writing "Applied For" on the form means that you have already applied for a TIN OR that you intend to apply for one soon.

As soon as you receive your TIN, complete another Form W-9, include your TIN, sign and date the form, and give it to the requester.

Penalties

Failure To Furnish TIN.—If you fail to furnish your correct TIN to a requester, you are subject to a penalty of \$50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

Civil Penalty for False Information With Respect to Withholding.—If you make a false statement with no reasonable basis that results in no backup withholding, you are subject to a \$500 penalty.

Criminal Penalty for Falsifying Information.— Willfully falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

Misuse of TINs.—If the requester discloses or uses TINs in violation of Federal law, the requester may be subject to civil and criminal penalties.

Specific Instructions

Name.—If you are an individual, you must generally enter the name shown on your social security card. However, if you have changed your last name, for instance, due to marriage, without informing the Social Security Administration of the name change, please enter your first name, the last name shown on your social security card, and your new last name.

Sole Proprietor.—You must enter your individual name. (Enter either your SSN or EIN in Part I.) You may also enter your business name or "doing business as" name on the business name line. Enter your name as shown on your social security card and business name as it was used to apply for your EIN on Form SS-4.

Part I—Taxpayer Identification Number (TIN)

You must enter your TIN in the appropriate box. If you are a sole proprietor, you may enter your SSN or EIN. Also see the chart on this page for further clarification of name and TIN combinations. If you do not have a TIN, follow the instructions under **How To Get a TIN** on page 1.

Part II—For Payees Exempt From Backup Withholding

Individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends. For a complete list of exempt payees, see the separate Instructions for the Requester of Form W-9.

If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding. Enter your correct TIN in Part I, write "Exempt" in Part II, and sign and date the form. If you are a nonresident alien or a foreign entity not subject to backup withholding, give the requester a completed Form W-8, Certificate of Foreign Status.

Part III—Certification

For a joint account, only the person whose TIN is shown in Part I should sign.

1. Interest, Dividend, and Barter Exchange Accounts Opened Before 1984 and Broker Accounts Considered Active During 1983. You must give your correct TIN, but you do not have to sign the certification.

2. Interest, Dividend, Broker, and Barter Exchange Accounts Opened After 1983 and Broker Accounts Considered Inactive During 1983. You must sign the certification or backup withholding will apply. If you are subject to backup withholding and you are merely providing your correct TIN to the requester, you must cross out item 2 in the certification before signing the form.

3. Real Estate Transactions. You must sign the certification. You may cross out item 2 of the certification.

4. Other Payments. You must give your correct TIN, but you do not have to sign the certification unless you have been notified of an incorrect TIN. Other payments include payments made in the course of the requester's trade or business for rents, royalties, goods (other than bills for merchandise), medical and health care services, payments to a nonemployee for services (including attorney and accounting fees), and payments to certain fishing boat crew members.

5. Mortgage Interest Paid by You, Acquisition or Abandonment of Secured Property, Cancellation of Debt, or IRA Contributions. You must give your correct TIN, but you do not have to sign the certification.

Privacy Act Notice

Section 6109 requires you to give your correct TIN to persons who must file information returns with the IRS to report interest, dividends, and certain other income paid to you, mortgage interest you paid, the acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA. The IRS uses the numbers for identification purposes and to help verify the accuracy of your tax return. You must provide your

TIN whether or not you are required to file a tax return. Payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not give a TIN to a payer. Certain penalties may also apply.

What Name and Number To Give the Requester

For this type of account:	Give name and SSN of:
1. Individual	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, the first individual on the account ¹
3. Custodian account of a minor (Uniform Gift to Minors Act)	The minor ²
4. a. The usual revocable savings trust (grantor is also trustee)	The grantor-trustee ¹
b. So-called trust account that is not a legal or valid trust under state law	The actual owner ¹
5. Sole proprietorship	The owner ³
For this type of account:	Give name and EIN of:
6. Sole proprietorship	The owner ³
7. A valid trust, estate, or pension trust	Legal entity ⁴
8. Corporate	The corporation
9. Association, club, religious, charitable, educational, or other tax-exempt organization	The organization
10. Partnership	The partnership
11. A broker or registered nominee	The broker or nominee
12. Account with the Department of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments	The public entity

¹ List first and circle the name of the person whose number you furnish.

² Circle the minor's name and furnish the minor's SSN.

³ You must show your individual name, but you may also enter your business or "doing business as" name. You may use either your SSN or EIN.

⁴ List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

Note: If no name is circled when more than one name is listed, the number will be considered to be that of the first name listed.

SPECIAL INSTRUCTIONS

STATE OF ILLINOIS VENDORS

SOLE PROPRIETORS

If completing this form for a sole proprietorship, enter the owner's name in the name field and the owner's SSN in Part I.