



## TAMU Independent Contractor Procedures: Payments to Non-Employees for Services

When a need for services arises in your department, follows the steps below:

	Required Departmental Steps	Further Details	Contact Office
Step 1:	Ensure the required job/services cannot and should not be performed by an existing employee first.	-If you are unsure if the job should be performed by an existing employee, contact HR.	HR - ext. 2365
Step 2:	<b>Before services are rendered, the department must ensure the job can be legally performed by an Independent Contractor and complete (1) the Independent Contractor Checklist and (2) the Independent Contractor Agreement for pre-approval</b> (must include contractor's name or business name, job date(s), detailed description of required services, total payment amount inc. travel, preparer's name, paying account number, and responses to residency, sourcing, and work authorization statements). <b>Contract should not be signed by contractor yet. Contract and checklist should be routed for approvals without contractor's signature (to Director/Dean, appropriate VP, then BPFA) and work should not be performed until all approvals are obtained.</b>	-Approval offices will review the documents and forward appropriately, and the fully approved or rejected forms will be sent back to the contracting department by BPFA. -BPFA rejects contractor requests if the job cannot be performed by an independent contractor due to payroll or employment law. This means the person providing the services must be hired as an employee before doing the job and cannot be paid as a contractor. BPFA also rejects requests due to lack of funding and if the contractor is unauthorized to work with TAMU.	Your Dean/Director Approp. VP BPFA- ext. 2377 HR - ext. 2365
Step 3:	If a fully approved contract is sent back to your department, <b>please provide the contractor with the following forms for signature/completion before services are rendered: (1) The pre-approved Independent Contractor Agreement, (2) the 1099/1042-S Misc. Agreement form, (3), a Sub W-9 and Certificate of Foreign Status or CFS to certify tax residency (for W-9 and CFS, ask the contractor to complete/sign the appropriate form - one only), and (4) a Hold Harmless Agreement form.</b>	-A Sub W-9 or Certificate of Foreign Status (CFS) is used to set up a vendor in DustyBuy. If a W-9 is returned to you, submit to Accounts Payable (Erika Cantu). If a Certificate of Foreign Status is returned to you, submit to BPFA (budgetandpayroll@tamiu.edu) for prior approval of foreign vendor. -Sub W-9 forms should be submitted by new vendors or by existing vendors to update bank info. For wire transfer to foreign bank, contact BPFA (budgetandpayroll@tamiu.edu) for prior approval of foreign entity.	BPFA - ext. 2377 AP - ext. 2147 and ext. 2148
Step 4:	<b>Once the contractor returns the signed forms, he/she can begin providing services.</b> Once the contractor is set up as a vendor in DustyBuy and the services are completed, <b>department should submit a Non-Invoice PO in DustyBuy for payment processing.</b>		BPFA - ext. 2377 AP - ext. 2148 & 2817
Step 5:	Once the DustyDoc is submitted, <b>the following packet should be attached to the DustyDoc: (1) the fully executed Independent Contractor Agreement (redacted SSN), (2) 1099/1042-S Misc. Agreement form, (3) Hold Harmless Agreement, (4) back up documentation (i.e. contractor's invoice, travel receipts, sub-agreement, etc.) and (5) Vendor Hold Clearance sheet (provided by BPFA)</b>	-BPFA will review final documentation and approve payment or request more information if the documents contain incorrect data.	BPFA - ext. 2377 AP - ext. 2148
Add. Info	Faliure to adhere to these procedures will result in a Non-Compliance email being sent to the requestor, director and VP.	These steps are in place to comply with federal, state, and TAMU system laws/ regulations and to avoid tax, immigration and payment issues/delays.	