

Payments to Vendors with Incorrect Name and/or TIN:  
Required Federal Income Tax Withholding

**In order to minimize administrative time and expense as well as to avoid the need for withholding on payments to vendors, it is critical that the correct TIN information is initially obtained from the vendor.**

Pursuant to U.S. Treasury Regulations, the University is required to obtain the name and corresponding taxpayer identification number (TIN)<sup>1</sup> for certain vendors that are providing services to the University. Each year, the Internal Revenue Service (IRS) requires the University to file Forms 1099-MISC, *Miscellaneous Income*, to report service payments to vendors. The IRS imposes penalties on the University for each name and/or TIN reported on Form 1099-MISC that does not match the information contained in the IRS database.

The IRS has notified the University that some of its vendor information reported on Forms 1099-MISC does not agree with IRS records and has provided a list of those vendors with an incorrect name and/or TIN. In response to this notification, the University has contacted these vendors to obtain the correct vendor information. While the University has been successful in obtaining correct information from a number of vendors, there are still vendors for which the University does not have a correct name and/or TIN.

The University, in accordance with U.S. Treasury regulations, withholds federal income tax at a rate of 28% on payments made to vendors from which it has not received correct TIN information. The regulations do not permit the University to refund the income tax withholding upon presentation of a correct TIN; however, vendors can claim the withholding as a credit on their federal tax returns. Once a vendor provides the University with the correct information, the University will cease withholding income tax on future payments.

The University's Vendor Compliance Unit is responsible for verifying that the vendor provided information is correct prior to payment. New vendor setup requests with missing or invalid TIN/ name combinations are placed on hold by the Vendor Compliance Unit and the vendor setup requestor and approver are notified via email. If the missing or invalid TIN / name combination is not resolved within **30 days**, the vendor hold is released and withholding of 28% is applied to all payments to the vendor until the correct name and TIN are provided.

If you have any questions, please contact Patti Moore, Vendor Compliance Customer Service Manager, at 432-5396 or [p.moore@yale.edu](mailto:p.moore@yale.edu).

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<sup>1</sup> A Taxpayer Identification Number is an Employer Identification Number (EIN), Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN).