

INDEPENDENT CONTRACTORS BASICS

Reference: IRS 1099-MISC Instructions and/or State of California Franchise Tax Board DE44

Independent Contractors are those individuals who provide services to the university that do not qualify as an employee or provide the same services of an employed position at APU. Reportable income is that of contract, project, honorarium, hourly, and any other forms of payment given to the individual for services provided. Use the "Independent Contractor 1099 Status Test" located in this website to help determine if this could possibly be employee wages.

When providing the line item for which payment is to be taken, it CANNOT be any line item that is designated for employee's payroll i.e. 5000 thru 5013 (whether faculty or staff). The most common line to use is 5014. It is designated for any types of Professional Services provided. If you do not have budget in 5014, you must submit a "Budget Change Request Form" to Steven Jenne, Budget Analyst before your request will be approved and processed for payment. See Business Office Forms & Procedures Public Folder.

The other items to be aware of are that of individuals who are neither residents of California nor residents of the United States of America.

Non-residents of California may be subject to 7% backup withholding tax for California. Forms are posted in a sub-folder (CA Non-residents) here for you to send to the individual.

Non-residents of the United States of America may be subject to 30% backup withholding for the IRS. Forms are posted in a sub-folder (Non-resident Aliens) here for you to send to the individual.

If the individual qualifies as an Independent Contractor, you will need to complete:

- Supplemental Services Agreement form and
- A completed W-9 form by the individual.
- If they aren't a resident of California, a completed CA 587 Non-Res. Allocation Worksheet will be required in addition to the above two forms.

We do NOT need the W-4, I-9 or copies of the CDL and SS card for Independent Contractors. Those forms are for new hires of APU as employees.

All forms and more detailed information for Independent Contractors are located in this website:

- Independent Contractors and sub folders of
 - CA Non-Res and
 - Supplemental Service Agreements.

All required forms should be submitted to the Business Office for processing. Payments will not be issued until all required documentation is provided. Please allow ample time for processing with two weeks as the minimum.

All questions in regards to these types of payments should be addressed to Sharron Robb, Business Services Manager, in the Business Office at srobb@apu.edu or x4411.

10/13/2006

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