Procedures for Independent Contractor Agreement

Reviewed: December 22, 2011

All requests to procure independent contractor services are required to utilize the UNR Independent Contractor Agreement (ICA) form. Payments to independent contractors for services will be subject to the IRS 1099 or 1042-S tax reporting and/or withholding guidelines. Reimbursements for travel expenses will not be subject to the federal tax reporting or withholding if receipts are submitted with the ICA form or the expenses are reimbursed based on the University travel per diem rates. The per diem rates can only be applied to meal and incidental expenses. Note that additional information and paperwork are still required from non-U.S. contractors even when only travel expenses are reimbursed or payments are made to vendors directly on behalf of the contractors.

Completed ICA forms should be submitted to the NSHE Independent Contractor Review Authority in the Controller's office/MS 124 for review and approval prior to the start date of the contract. Procedures for independent contractor determinations are as follows:

1. Note: If the individual is a current or former employee of NSHE, he/she must be hired as an employee and new hire paperwork needs to be processed via Human Resources. The Nevada System of Higher Education (NSHE) includes College of Southern Nevada, Desert Research Institute, Great Basin College, Nevada State College at Henderson, Truckee Meadows Community College, University of Nevada Las Vegas, University of Nevada Reno, Western Nevada Community College, and NSHE System Administration Offices. The State of Nevada requires **at least twenty-four (24) full consecutive months of service break** in order for former state or NSHE employees to be considered independent contractors.

2. Well in advance, prior to the start date of the contract, the requesting department and the independent contractor complete

a. the most current UNR Independent Contractor/Service Provider Agreement form available at http://www.unr.edu/vpaf/controller/controllers-office/indy-contractors.html and

b. Form W-9, Request for Taxpayer Identification Number and Certification, or Form W-8BEN, Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding.

c. Note: The web generated ICA forms should show auto-generated ID numbers that are unique on the top right corner of the forms. If not, requesting department must hand-write the auto-generated ID numbers on the forms.

d. Note: Please print the forms single-sided.

3. If the recommended contractor presents his/her own contract to be signed in addition to the UNR ICA form, **the additional contract must be reviewed and approved by Purchasing prior to submission of the Independent Contractor Agreement.** Then, the approved contract must be attached to the ICA form.

   a. Note: When individuals without signature authority on such contracts sign, they can be held personally liable per policy.

   b. For complete information on the Purchasing contract review process, contact BCN Purchasing, http://www.bcn-nshe.org/purchasing/ or (775) 784-6552.

4. Department contacts BCN Risk Management, http://www.bcn-nshe.org/hr/riskmanagement/ or (775) 784-6139, to consult on the NSHE insurance requirements.

5. Agreements with estimated total payment of at least $25,000.00 may be subject to the quote requirements, while agreements with estimated total payment of at least $50,000.00 may be subject to the formal bidding requirements. When the total contract amount on the agreement is $25,000.00 or more or when the aggregated total contract amount with a given contractor is $25,000.00 or more, the contracting department is required to provide

substantiation for the single source using the Competitive Exception form in addition to the UNR ICA form.

a. For complete information on the NSHE bidding requirements, contact BCN Purchasing, http://www.bcn-nshe.org/purchasing/ or (775) 784-6552.

b. A copy of the Competitive Exception form is available at http://www.unr.edu/vpaf/controller/Forms/indepcont.html.

6. When the contractor is not a U.S. citizen or U.S. lawful permanent resident, i.e., nonresident alien for immigration purposes, department contacts the Nonresident Alien Tax Specialist (EMAIL) for information regarding further requirements. Payments will not be issued without proper documentation or withholding taxes at the statutory rate of 30%. **The sponsoring department is responsible for collecting and obtaining all required documents and forms from the nonresident alien independent contractor.**

   a. More information on nonresident alien contractors is located at http://www.unr.edu/vpaf/controller/nrat/ind-cont.html.

7. Department submits completed forms with all attachments, including receipts when available, to the Controller's office/MS 124, for review and approval of the agreements.

   a. Department makes a copy of the complete paperwork prior to submission and keeps the copy for record keeping and future reference.

8. The NSHE Independent Contractor Review Authority performs a review. Incomplete submissions will be returned back to the department requesting completion of the paperwork.

   a. The review includes review of compliance with the NSHE insurance requirements and additional documents and information required from nonresident alien contractors, if applicable.

9. Approved agreements are forwarded to Accounts Payable, while rejected agreements will be routed back to the department.

    a. Approved agreements are encumbered by the NSHE Independent Contractor Review Authority, only if requested or necessary.

10. Agreements over $1,000,000 or exceeding a period of five (5) years require review and approval of the Chancellor prior to the start date of the contract. The NSHE Independent Contractor Review Authority will forward the contracts to the Chancellor's office for their review and approval.

11. Once services have been provided, the contractor invoices the department for the contracted payments. The department reviews and approves the invoices to be paid, referencing the automatically generated IC number from the top right corner of the agreement. The approved invoices are submitted to Accounts Payable/MS 124 for processing.

    a. When applicable, receipts should accompany invoice(s).

12. Accounts Payable issues payments according to instructions specified on the IC agreement. Payments may be subject to the IRS 1099 or 1042-S tax reporting and/or withholding guidelines as discussed above.

Reimbursement of Travel Expenses to Independent Contractors

Payments to independent contractors for services will be subject to the IRS 1099 or 1042-S tax reporting and/or withholding guidelines. Reimbursements for travel expenses will not be subject to the federal tax reporting or withholding requirements if receipts are submitted with the ICA form or the expenses are reimbursed based on the University travel per diem rates. Additional information and paperwork are still required from non-U.S. contractors as mentioned earlier in order for the reporting and withholding exclusions to apply.

	Travel	Lodging	Meals and Incidentals
Receipts	Required for reimbursement of actual expenses and 1099 or 1042-S reporting exclusion	Required for reimbursement of actual expenses and 1099 or 1042-S reporting exclusion	Required for 1099 or 1042-S reporting exclusion when actual expenses are to be reimbursed
Per Diem without receipts	Not allowed	Not allowed	Allowed when the University meal and incidental rates are applied

No Honorarium or Fee

When independent contractors are reimbursed only for their actual expenses, the UNR ICA form with all required attachments must still be submitted. When the sponsoring department directly pays vendors for travel and lodging using department's purchasing card or other University forms of payment on behalf of the independent contractor, the UNR ICA form with all required attachments must still be submitted. As mentioned earlier, additional information and paperwork are required from non-U.S. contractors.

Assignment of Checks

The University issues checks only to the independent contractors named on the contracts. UNR cannot accommodate specific requests assigning checks to third parties.

Insurance Requirements

Independent contractors must carry insurance policies, unless expressly waived in writing by NSHE. Departments and contractors need to consult the Risk Management/Workers' Compensation office, (775) 784-4394, for additional information. See Workers' Compensation

Waiver Chart available at our IC webpage (WEB) or Risk Management/Workers' Compensation website (WEB).

Encumbrances

The total estimated contract amount must be encumbered when at least two payments are to be made on a contract throughout the contract period. Invoices referring to the agreement number must be submitted to initiate payments.