

## Procedural Overview for Accounts Payable Nonresident Alien Processing

The Taxation of Nonresident Aliens (NRA) is a Federal legal requirement set forth in Internal Revenue Code (IRS) Section 1441.

The Office of the State Controller (OSC) manual [Policy and Procedures Pertaining to Payments and Compensation of Foreign Nationals, Governments and Corporations](#), dated August, 2004 sets forth procedures that must be followed in making payments to NRA's to ensure proper tax withholding occurs.

Link to OSC Policy and Procedures Pertaining to Payments and Compensation of Foreign Nationals, Governments, and Corporations

[http://www.ncosc.net/Foreign\\_Nationals/Foreign\\_National\\_Index.html](http://www.ncosc.net/Foreign_Nationals/Foreign_National_Index.html)

For purposes of the North Carolina Accounting System (NCAS) Accounts Payable system, payments to Independent Contractors, honoraria, and travel expenses are the primary payments we will address. Payments to Contractors that meet the common law definition of employee should be paid through Central Payroll, not the NCAS.

For additional information on NRA taxation, please refer to IRS Publication 515 [Withholding of Tax on Nonresident Aliens and Foreign Entities](#).

Link to IRS Pub 515

[www.irs.gov/publications/p515/](http://www.irs.gov/publications/p515/)

### Identifying NRAs

For purposes of Accounts Payable transactions, a NRA is identified as follows:

- Individual does not have SSN - withhold at 28% backup withholding rate or 30% NRA tax rate. Agency must follow up with vendor to determine under which system to tax vendor.
- If ID number furnished by vendor starts with a 9, the vendor is probably a NRA and subject to 30% withholding.
- If remit-to address is outside the US, vendor may be a NRA subject to 30%. Further inquiry must be made.
- The vendor may voluntarily identify themselves as an NRA - withhold 30%.

Publication 515 defines the types of entities eligible for NRA withholding and their reporting requirements. If an agency determines that payments will be made to an entity other than a NRA individual for labor or personal services performed in this country, or if the individual claims a treaty benefit, call the OSC Help Desk at (919) 875-4357 to determine withholding and reporting requirements.

## Withholding Process

The withholding process works identically to the current process for both State and Federal 1099 withholding. A 1099 indicator, “**NR**”, has been added to identify nonresident aliens. For state-wide (trade) vendors, the OSC attaches this indicator to the vendor, per instruction from the agency adding the vendor, so that NR will default to every invoice processed. For non-trade vendors, each agency will be responsible for setting up this code when adding the vendor. NR codes display on the 1099 error report, just as the NO codes display, for easier identification. These transactions will not post on a 1099, but will be posted by OSC into Windstar, Tax Navigator System for the required 1042-S reporting. In addition, a new liability account **211953** and a mini-chart indicator **953** are used to track the withheld amounts for these payments. This account and indicator functions the same as the 28% Federal withholding account 211950, the 4% State withholding 211951, and the 32% Federal and State withholding combined account 211952. The NRA withheld amounts are available in the same reports currently in place for the State and Federal withholdings.

As with all withholding, the agency should complete the NCAS Backup Withholding form, ensuring that the appropriate box for NRA withholding is checked. This form must be completed for starting and stopping the withholding process.

## Deposit Requirements

IRS Form 1042 (<http://www.irs.gov/pub/irs-pdf/f1042.pdf>) contains complete instructions for the reporting of withheld tax. The instructions on this form must be followed.

The Federal Tax Deposit Coupon Form 8109-B (<http://www.irs.gov/pub/irs-pdf/f8109b.pdf>), for initial filing, and Form 8109 thereafter, will be used for making deposits. All instructions on the form must be followed.

Generally, the following rules apply.

- 1. If at the end of any quarter-monthly period the total amount of undeposited taxes is \$2,000 or more**, you must deposit the taxes within 3 banking days after the end of the quarter-monthly period. (A quarter-monthly period ends on the 7th, 15th, 22nd, and last day of the month.) To determine banking days, do not count Saturdays, Sundays, legal holidays, or any local holidays observed by authorized financial institutions.

The deposit rules are considered met if:

- You deposit at least 90% of the actual tax liability for the deposit period **and**
- If the quarter-monthly period is in a month other than December, you deposit any underpayment with your first deposit that is required to be made after the 15th day of the following month.

Any underpayment of \$200 or more for a quarter-monthly period ending in December must be deposited by January 31.

- 2. If at the end of any month the total amount of undeposited taxes is at least \$200 but less than \$2,000**, you must deposit the taxes within 15 days after the end of the month. If you make a deposit of \$2,000 or more during any month **except December** under rule 1 above, carry over any end-of-the-month balance of less than \$2,000 to the next month. If you make a deposit of \$2,000 or more during December, any end-of-December balance of less than \$2,000 should be paid directly to the IRS along with your Form 1042 by March 15, 2004.

- 3. If at the end of a calendar year the total amount of undeposited taxes is less than \$200, you may either pay the taxes with your Form 1042 or deposit the entire amount by March 15, 2004.**

**--SEE FORMS FOR COMPLETE FILING AND DEPOSIT REQUIREMENTS--**

There is no penalty for paying small amounts early, so the agency may decide to make deposits monthly within the 15 days allowed to facilitate ease in reporting. However, if the withholding ever exceeds the \$2,000.00 threshold, the 3 banking days must be followed.

## Special Considerations

As with all payments that require withholding, no payments should be entered through the *Manual Process Entry (MPE)* screen. The withholding process requires that payments go through overnight processing.

Step-by-step instructions requesting the addition of a vendor to the system are listed in the NCAS Detailed Procedures section below. These procedures instruct users how to set up vendors and invoices for NRA backup withholding.

The requirements for State and Federal withholding still apply, and 1099 codes are required on all invoice lines subject to any type of backup withholding, as well as the proper set-up of the vendor.

It is each agency's responsibility to ensure that the "NR" code has defaulted, remains on the invoice for all applicable payments made to NRA's, and that payments have been appropriately withheld.

Regarding trade vendors, if the status of the vendor changes from nonresident alien to resident alien, the agency must advise the OSC to change the withholding status so that the NR 1099 code will not default to the invoice. The NCAS Backup Withholding form must be completed and received by the OSC Help Desk so withholding can be stopped. On non-trade vendors, the agency must change the withholding status themselves. The NR default code can be changed on the invoice line, if appropriate, to change or eliminate the withholding process, regardless of whether the vendor default has been adjusted.

Withheld amounts cannot be adjusted after the payments have been disbursed. It is important to verify all withholdings to ensure their accuracy prior to payments being sent.

Contact the OSC NCAS Help Desk at (919) 875-4357 if you have any questions regarding the addition of trade, non-trade, and NRA vendors.

## Detailed NCAS Procedures

Below are the detailed NCAS procedures covering the new process:

- Adding a trade NRA vendor for withholding
- Adding a non-trade NRA vendor for withholding
- Processing a NRA applicable payment
- Examples of reports used for backup withholding

### Adding Trade NRA Vendors

Trade vendors are shared with other agencies. To add a trade NRA vendor, follow these steps after accessing the Accounts Payable module:

**Complete the NCAS Backup Withholding form and forward to the OSC Help Desk.**

1. Type **VSL** in the NEXT FUNCTION field and press  to access the *Vendor Short Name Lookup (VSL)* screen.
  -  Before entering any invoices, you must first check the Statewide Trade Vendor File, using the *Vendor Short Name Lookup (VSL)* screen, to determine if the vendor exists. If it does not, then you must request the Office of the State Controller to add the vendor to the file.
2. Type **your paying entity (XXPT)** in the PAY ENTITY field.
3. Type **part of the vendor name followed by the @ symbol** in the SHORT NAME field and press  to view the *VSL* screen. The “@” symbol allows you to type part of a vendor name to access all vendors beginning with the specified letters.
4. If the vendor is not listed on the *VSL* screen, type **VSU** in the NEXT FUNCTION field and press  to access the *Vendor Setup (VSU)* screen and to request the addition of a vendor.

```

N23                                VENDOR SETUP                                VSU
NEXT FUNCTION: _____ ACTION: _____                                10/08/2004 14:39:03
REQUEST: _____
=====
PAY ENTITY   : VADD   VENDOR NO   : FOREIGN   GROUP       : _____
VENDOR NAME : NADA CITIZEN _____ VENDOR TYPE : D
SHORT NAME  : CITIZENNADA _____ EDI/FAX CODE : _____
--- ORDER FROM --- HOLD: _   DEFAULT ADDR: _   FAX           : _____
ADDR LINE 1: _____ PHONE           : _____
ADDR LINE 2: _____ STATE CODE    : _____ VAL: _
ADDR LINE 3: _____ POSTAL CODE   : _____
OPT ADDR 1: _____ OPT ADDR USE : _____
OPT ADDR 2: _____ OPT STATE CD : _____ VAL: _
CONTACT    : _____ OPT POSTAL CD: _____
--- REMIT TO --- HOLD: _
ADDR LINE 1: _____ PHONE           : _____
ADDR LINE 2: 18156 69TH AVE STATE CODE    : _____ VAL: N
ADDR LINE 3: SURREY CANADA VES 9C7 POSTAL CODE   : _____
OPT ADDR 1: VENDOR IS A NON RESIDENT ALIEN OPT ADDR USE : _____
OPT ADDR 2: _____ OPT STATE CD : _____ VAL: _
CONTACT    : _____ OPT POSTAL CD: _____
PAYMENT TERMS: _____ VENDOR STATUS: _____
CONSL REPORTING INFO - PAY ENTITY: _____ VEND NBR: _____ GROUP NBR: _____
    
```

5. Type **VADD** in the PAY ENTITY field. VADD stores vendor names temporarily until they can be added to the Statewide Trade Vendor File.
6. Type the word **foreign** in the VENDOR NO field.
  -  When a NRA vendor is added to the NCAS, they will not have a standard tax identification number (TIN) as do US vendors.
7. Type the **vendor name** in the VENDOR NAME field.
8. Type a **valid vendor type code** in the VENDOR TYPE field. The following types are valid codes:
  - D** = Direct vendor (no purchase order issued)
  - M** = Matching vendor
9. Type the **vendor's fax number** in the FAX field, if available.
  -  This field is *not* required.
10. Type the **vendor's phone number** in the PHONE field in the REMIT TO section of the screen.
11. Type the **vendor's address** (PO box or street address) in the ADDR LINE 2 field.
12. Type the correct **state code** in the STATE CODE field.
  -  If this address is located outside the US, leave this field *blank*.
13. Type the **correct code** in the VAL field
  -  For US addresses, type a Y. For foreign addresses, type an N.

14. Type the **vendor's city** in the ADDR LINE 3 field of the REMIT TO section.
  -  If the address is located outside of the US, type the city name, province (if applicable) and nation in the ADDR LINE 3 field of the REMIT TO section.
15. Type the **postal code** (zip) in the POSTAL CODE field.
16. Type the message **VENDOR IS A NON RESIDENT ALIEN** in the OPT ADDR 1 or OPT ADDR 2 field to notify the OSC Help Desk that the VGN and VPN screens need to be completed to begin the withholding for this trade vendor.
17. Press  to validate this request.
  -  If there are no errors, the system displays the message **VENDOR HAS BEEN ADDED TO THE SYSTEM. HIT ENTER!!!**
18. Press  a second time to complete the transmission of this request to the OSC Help Desk for further processing.

## Adding Non-Trade Vendors

When a NRA vendor is added as a non-trade vendor, the addition is similar to adding a trade vendor, except that the agency is responsible for completing the withholding information required for the NRA. The agency must complete the information for non-trade vendors in the same manner that the OSC does for trade vendors.

Non-trade vendors are not shared with other agencies. To add a non-trade NRA vendor, follow these steps after accessing the Accounts Payable module:

### After accessing the Accounts Payable module:

1. Type **VSU** in the NEXT FUNCTION field and press  to access the *Vendor Setup (VSU)* screen.

N23		VENDOR SETUP		VSU	
NEXT FUNCTION:	_____	ACTION:	_____	10/08/2004	14:39:03
REQUEST:	_____				
=====					
PAY ENTITY :	XXPN	VENDOR NO :	FOR0000001	GROUP :	_____
VENDOR NAME :	NADA CITIZEN			VENDOR TYPE :	D
SHORT NAME :	CITIZENNADA			EDI/FAX CODE :	_____
--- ORDER FROM ---	HOLD: _____	DEFAULT ADDR: _____	FAX :	_____	
ADDR LINE 1:	_____		PHONE :	_____	
ADDR LINE 2:	_____		STATE CODE :	_____	VAL: _____
ADDR LINE 3:	_____		POSTAL CODE :	_____	
OPT ADDR 1:	_____		OPT ADDR USE :	_____	
OPT ADDR 2:	_____		OPT STATE CD :	_____	VAL: _____
CONTACT :	_____		OPT POSTAL CD:	_____	
--- REMIT TO ---	HOLD: _____				
ADDR LINE 1:	_____		PHONE :	_____	
ADDR LINE 2:	18156 69TH AVE		STATE CODE :	_____	VAL: N
ADDR LINE 3:	SURREY CANADA VES 9C7		POSTAL CODE :	_____	
OPT ADDR 1:	_____		OPT ADDR USE :	_____	
OPT ADDR 2:	_____		OPT STATE CD :	_____	VAL: _____
CONTACT :	_____		OPT POSTAL CD:	_____	
PAYMENT TERMS:	_____		VENDOR STATUS:	_____	
CONSL REPORTING INFO	-	PAY ENTITY: _____	VEND NBR: _____	GROUP NBR: _____	

2. Type the **non-trade paying entity (XXPN)** in the PAY ENTITY field. Your agency and the OSC determine the non-trade paying entity code.
3. Type the **numbering scheme** utilized by your agency for non-trade NRA vendors in the VENDOR NO field.
  -  When a NRA vendor is added to the NCAS they will not have a standard tax identification number (TIN) as our US vendors. The OSC suggests using a ten-digit numbering scheme such as FOR0000001, FOR0000002, etc.
4. Type the **vendor group number** in the GROUP field.
5. Type the **vendor's name** in the VENDOR NAME field.
6. Type **D** in the VENDOR TYPE field to indicate that this is a *direct* vendor.
7. Type the **vendor name** (for an individual, type the last name first) in the SHORT NAME field. (Do not type any spaces between the names.)
  -  For an individual, type the last name first.
8. Type the **vendor's fax number** in the FAX field.
  -  This field is *not* required.
9. Type the **vendor's phone number** in the PHONE field.
10. Type the **vendor's address** (PO box or street address) in the ADDR LINE 2 field of the REMIT TO section.
11. Type the correct **state code** in the STATE CODE field.
  -  If the address is located outside the US, leave this field *blank*.
12. Type the correct **validation code** in the VAL field.
  -  For US addresses, type a Y. For foreign addresses, type an N.
13. Type the **vendor's city** in the ADDR LINE 3 field.
  -  If the address is located outside of the US, type the city name, province (if applicable) and nation in the ADDR LINE 3 field.
14. Type the **postal code** (zip) in the POSTAL CODE field.
15. Type a **contact name** at the vendor's company in the CONTACT field.
16. Press  to add this vendor to your non-trade paying entity and to clear the screen.

Agencies may be required to report expenditures with vendors by county. If you know the city, you can identify the county code using **QRG 2: Post Offices and Incorporated Cities or Towns (GEN 562)** located in the Accounts Payable Training Course (AP04) manual. If you know the county, you can locate the corresponding code on the *Description Table (DTL)* screen. Once you have located the appropriate code, access the *Vendor General Information (VGN)* screen to add the code.

OCP	VENDOR GENERAL INFORMATION		VGN
NEXT FUNCTION: _____	ACTION: _____	10/08/2004	14:40:10
REQUEST: _____	=====		
PAY ENTITY : XPN	NADA CITIZEN		
SHORT NAME : CITIZENNADA			
VENDOR NUMBER: FOR0000001	GROUP: 01		
CATEGORY CODES	1: _____	2: _____	3: _____ 4: _____ 5: 999
DUNS NUMBER	: _____		
VENDOR FILING DATE	: _____		
D & B RATING	: _____		
D & B APPRAISAL	: _____		
QUESTIONNAIRE CODE	: _____		
NEXT QUEST. MAIL DATE:	: _____		
EST EXPENDITURE	: _____		
NC CORPORATE ID NBR	: _____	VEND ADD:	10/08/2004
ORDER FROM EMAIL	: _____		
REMIT TO EMAIL	: _____		

17. Type **VGN** in the NEXT FUNCTION field and press  to access the *Vendor General Information (VGN)* screen.
18. Type the **vendor number** in the VENDOR # field (if it does not default.)
19. Type the **vendor group** in the GROUP field.
20. Type the **county code** in the CATEGORY CODES 5 field to identify the correct county.
  -  For addresses outside the US, use county code 999.
21. Type **today's date** in the VEND ADD field to track the date of the addition of the vendor to the system.
  -  This date must be entered in MM/DD/YYYY format.
22. Press  to process the *VGN* screen.
23. Type **VPN** in the NEXT FUNCTION field and press  to access the *Vendor Payable Information (VPN)* screen.

N23		VENDOR PAYABLE INFORMATION		VPN
NEXT FUNCTION:	_____	ACTION:	_____	10/08/2004 09:18:43
REQUEST:	_____			
=====				
PAY ENTITY	: XXPN			
SHORT NAME	: CITIZENNADA			
VENDOR NUMBER:	FOR0000001	GROUP:	01	
DISCOUNT DELAY DAYS :	_____	PAYMENT DELAY DAYS :	_____	
DOC ALERT MAX AMOUNT:	_____	COMBINED OR SINGLE PYMT:	_____	
DIRECT INVC ALLOWED :	_____	PAYMENT PRINT SEQUENCE :	_____	
FACTOR NUMBER :	_____	FACTOR GROUP NUMBER :	_____	
PAYMENT ROUTE CODE :	_____	VAT INCLUSIVE :	_____	
SIGN APPROVAL CODES :	_____	USE TAX :	_____	
TAX ID NUMBER :	_____	TAX ID EXPIRATION DATE :	10/07/2004	
1099 CODE :	NR	1099 WITHHOLDING RATE :	30.00	
1099 PAYEE NAME :	_____	1099 USE NAME:	_____	
VENDOR CURR CODE :	_____			
CORPORATE CREDIT CARD 1:	_____	TYPE :	_____	
CORPORATE CREDIT CARD 2:	_____	TYPE :	_____	

24. Type your **non-trade paying entity (XXPN)** in the PAY ENTITY field (if it does not default.)
25. Type the **vendor's number** in the VENDOR NUMBER field (if it does not default.)
26. Type the **vendor's group letter** (if applicable) in the GROUP field. (Do NOT press  here!)
27. To initiate withholding for a non-trade vendor, type **yesterday's date** in the TAX ID EXPIRATION DATE field.
  -  This date must be entered in MM/DD/YYYY format.
28. Type **30.00** in the 1099 WITHHOLDING RATE field. This is the rate (30%) for NRA withholding.
29. Type the **1099 code** in the 1099 CODE field.
  -  The code for NRA withholding is "NR".
30. Press  to process the VPN screen.
31. Type **VDD** in the NEXT FUNCTION field and press  to access the *Vendor Default Distribution (VDD)* screen.

N23		VENDOR DEFAULT DISTRIBUTION		VDD	
NEXT FUNCTION:	_____	ACTION:	_____	10/08/2004	09:21:50
REQUEST:	_____				
=====					
PAY ENTITY	: XXPN				
SHORT NAME	: CITIZENNADA				
VENDOR NUMBER:	FOR0000001_GROUP: 01				
DISTRIBUTION INDICATORS	. . . .	EXPENSE	: _____	PAYABLES	: _____
		DISCOUNT	: _____	FREIGHT	: _____
		TAX/VAT	: _____	VARIANCE	: _____
		ADD COST	: _____	1099 WITHHOLD:	953
		BNK ACCT PYMT	: _____	EMP ADVANCE	: _____
		CURR GAIN/LOSS:	_____	ACCOUNT RULE	: _____
GL EXPENSE DISTRIBUTION	. . . .	COMPANY	: _____		
		ACCOUNT	: _____		
		CENTER	: _____		
		VALIDATE OPT	: _____		
PROJECT ACCOUNTING INFORMATION	. .	REQUIRED	: _____		
		COMPANY	: _____		
		NUMBER	: _____		

- 32.** Type the appropriate **mini-chart indicator** in the 1099 WITHHOLD field.

 The mini-chart indicator determines how the accounting entries will post. The indicator for NRA withholding is 953.

- 33.** Press  to process the *VDD* screen.

## Setting Up Vendor for Withholding

Processing NRA withholding in the NCAS is similar to both State and Federal backup withholding. NRA withholding requires that the *Vendor Payable Information (VPN)* screen and the *Vendor Default Distribution (VDD)* screen be set up. The only differences are the withholding rates and the mini-chart indicators.

This procedure outlines the steps for setting up an existing non-trade vendor for backup withholding.

### After accessing the Accounts Payable module:

1. Type **VPN** in the NEXT FUNCTION field and press  to access the *Vendor Payable Information (VPN)* screen.

N23		VENDOR PAYABLE INFORMATION		VPN
NEXT FUNCTION:	_____	ACTION:	_____	10/15/2004 09:18:43
REQUEST:	_____			
=====				
PAY ENTITY :	XXPN			
SHORT NAME :	_____			
VENDOR NUMBER:	FOR0000002	GROUP:	__	
DISCOUNT DELAY DAYS :	__	PAYMENT DELAY DAYS :	__	
DOC ALERT MAX AMOUNT:	_____	COMBINED OR SINGLE PYMT:	__	
DIRECT INVC ALLOWED :	__	PAYMENT PRINT SEQUENCE :	_____	
FACTOR NUMBER :	_____	FACTOR GROUP NUMBER :	__	
PAYMENT ROUTE CODE :	__	VAT INCLUSIVE :	__	
SIGN APPROVAL CODES :	__ __ __ __	USE TAX :	__	
TAX ID NUMBER :	_____	TAX ID EXPIRATION DATE :	10/5/2004	
1099 CODE :	NR	1099 WITHHOLDING RATE :	30.00	
1099 PAYEE NAME :	_____	1099 USE NAME:	__	
VENDOR CURR CODE :	__			
CORPORATE CREDIT CARD 1:	_____	TYPE :	__	
CORPORATE CREDIT CARD 2:	_____	TYPE :	__	

2. Type **XXPN** in the PAY ENTITY field.
3. Type the **vendor's number** in the VENDOR NUMBER field (if it does not default.)
4. Type the **vendor's group** in the GROUP field, if applicable. (Do NOT press  here!)
5. Type **yesterday's date** in the TAX ID EXPIRATION DATE field.
6. Type the **appropriate percentage** in the 1099 WITHHOLDING RATE field.  
 To withhold NRA taxes only, type **30.00**.
7. Type the **NR code** in the 1099 CODE field.
8. Press  to complete the entry and process the changes.
9. Type **VDD** in the NEXT FUNCTION field and press  to access the *Vendor Default Distribution (VDD)* screen.

N23	VENDOR DEFAULT DISTRIBUTION		VDD
NEXT FUNCTION: _____	ACTION: _____	10/08/2004 09:21:50	
REQUEST: _____	=====		
PAY ENTITY :			
SHORT NAME :			
VENDOR NUMBER: _____	GROUP: ____		
DISTRIBUTION INDICATORS . . . . .	EXPENSE : ____	PAYABLES : ____	
	DISCOUNT : ____	FREIGHT : ____	
	TAX/VAT : ____	VARIANCE : ____	
	ADD COST : ____	1099 WITHHOLD: 953	
	BNK ACCT PYMT : ____	EMP ADVANCE : ____	
	CURR GAIN/LOSS: ____	ACCOUNT RULE : ____	
GL EXPENSE DISTRIBUTION . . . . .	COMPANY : ____		
	ACCOUNT : _____		
	CENTER : _____		
	VALIDATE OPT : -		
PROJECT ACCOUNTING INFORMATION . . . . .	REQUIRED : -		
	COMPANY : ____		
	NUMBER : _____		

10. Type the **vendor number** in the VENDOR NUMBER field (if it does not default.)
11. Type the **group number** in the GROUP field. (Do NOT press  here!)
12. Type the **appropriate withholding indicator** in the 1099 WITHHOLD field.

 If you are withholding NRA taxes, type **953** in the 1099 WITHHOLD field. This indicator controls the accounts to which the withheld amount is posted.

13. Press  to complete the entry.

## Processing a 1099 Applicable Payment (or NR Payment)

### Direct Invoicing

After accessing the Accounts Payable module:

After completing the *Control Document Entry (CDE)* screen and accessing the *Invoice Worksheet 1 (IWS-1T)* screen:

1. Type the **invoice number** in the INVOICE NUMBER field.
2. Type the **invoice date** in the DATE field.
 

 This date is used to determine the payment due date based on the payment terms code.
3. Type the **vendor short name@** in the VENDOR SHORT NM field and press .
 

 If you access the *Vendor Setup (VSL)* screen, select the appropriate vendor. Type **R** in the ACTIVITY field and press  to *return* to the *IWS-1T* screen.

4. If any messages display, read the messages and press  to override the messages and continue entering the invoice.
5. Verify that the appropriate payment terms have defaulted into the TERMS CODE field. Update this field if necessary.  
 You can access the *Payment Terms Code List (PTL)* screen to obtain a list of payment terms and their corresponding codes.
6. Type **BACK** in the NEXT FUNCTION field and press  to return to the *IWS-1T* screen.
7. To add a remit message to the check, access the *Remit Message List (RML)* screen by typing **RML** in the NEXT FUNCTION field and pressing  (or enter the message directly on the *IWS-1T* screen and press . Then skip to Step 11.)
8. Type **your paying entity (XXPT)** in the PAY ENTITY field and press  to review the remit message.
9. Once you have located the appropriate message on the *RML* screen, type **R** in the NEXT FUNCTION field and press  to *return* to the *IWS-IT* screen.
10. Type the **three-character code** that corresponds to the message in the first (small) REMIT MSG field.
11. At the 0001 line, type the **first line total amount** in the AMOUNT/PERCENT field to indicate the amount of the first line of the invoice.
12. Type your **company number** in the CO field.
13. Type the **account number** in the ACCOUNT field.
14. Type the **center number** in the CENTER field.

If there is only one line of expense, proceed to the next step. If there is more than one line of expense, repeat Steps 11 through 14 and then proceed with Step 15.

Once the NRA vendor has been setup for withholding a 1099 code of NR should default automatically to the 99 field.

15. Ensure that all payments to NRA's are coded with the NR 1099 code so withholding will occur. Otherwise, override the 1099 code with the appropriate code from the *TNL* screen.

OC9	INVOICE WORKSHEET 1	IWS-1T		
NEXT FUNCTION: _____	ACTION: _____	11/08/2004 13:13:58		
REQUEST: _____	=====			
INVOICE NUMBER: _____	NONRESTEST10	DATE: 11/08/2004		
VENDOR SHORT NM: 282TESTINGONENO	TESTING ONE NONRESIDENT ALIEN	CURR : _____		
VENDOR NUMBER: FOR000002		CM/DM : I		
PO REFERENCE : _____	COUNTY CODE: _____	MULTI PYMT: N		
TERMS CODE: _____	PYMT DUE DATE: 11/09/2004	DISCOUNT AMT/PCT: _____		
REMIT MSG: _____	SIGNATURE APPR CD: _____			
LINE	AMOUNT/PERCENT	EXP CO ACCOUNT	CENTER	PROJ-CO NUMBER
VAT	QUANTITY	UNIT	ITEM NUMBER	DESCRIPTION PRORATE (T F A D) USE 99 I'RC
0001	10.00	001 1301 533110	1000	TEST_ITEM Y Y Y Y NR
0002	10.00	001 2A02 533110	2125	TEST_ITEM Y Y Y Y NR
0003				
0004				
SALES TAX/VAT :		FREIGHT :		
ADDITIONAL COST: _____		GROSS AMOUNT: _____		20.00

16. Type **TNL** in the NEXT FUNCTION field and press **Enter** to access the *1099 Codes List (TNL)* screen.
17. Press **Enter** to view the 1099 codes. Scroll down to locate the correct 1099 code to process the invoice line.
18. Type **R** in the NEXT FUNCTION field and press **Enter** to return to the *Invoice Worksheet 1(IWS-IT)* screen.
19. Type the **total invoice amount** in the GROSS AMOUNT field.
20. Type **next** or **N** in the REQUEST field and press **Enter** to balance the document.

### Invoice Matching

**After accessing the Accounts Payable module:**

**After completing the Control Document Entry (CDE) screen and accessing the Invoice Matching (IMP) screen:**

1. Type the **invoice number** in the INVOICE NUMBER field.
2. Type the **invoice date** in the DATE field.
  -  The date is used to determine the payment due date based on the payment terms code.
3. Type **part of a vendor name@** in the VENDOR SHORT NAME field.
  -  If you know the vendor number, type the **vendor** and **group number** in the VENDOR NUMBER field and press **Enter** to return the vendor number and address to the *IMP* screen. Then skip to step 8.
4. Press **Enter** to return the vendor number and address to the *IMP* screen.

If the short name is unique to a vendor, the vendor name and address are returned to the *IMP* screen. In this case, skip to Step 8. If the short name is not unique to a vendor name and address, the *Vendor Short Name List (VSL)* screen is displayed with a list of all vendors that match the requested short name.

5. Type **B** in the ADDRESS TYPE field to display *both* the order-from and the remit-to address.
6. Press  to scroll through the list until you locate the required vendor.
7. Type **R** in the ACTIVITY field for the required vendor and press  to *return* the vendor number and address to the *IMP* screen.
8. To verify that the correct vendor name and address have been returned to the *IMP* screen, type **VRS** in the NEXT FUNCTION field and press  to access the *Remit to Vendor Setup (VRS)* screen. The *VRS* screen displays detailed information about the vendor.
9. Type **R** in the NEXT FUNCTION field and press  to *return* to the *Invoice Matching (IMP)* screen.
10. Type the **buying entity (XXBG)** in the PO BUY ENTITY field.
11. Type the **purchase order number** in the PO NUMBER field and press  to process the information.
12. If a PO is not referenced, type **F** in the REQUEST field and press  to access the *PO Finder (POF)* screen.  
  
 The *POF* screen lists open purchase orders by vendor within a buying entity.
13. View the listed purchase orders and the corresponding purchase order. Type **S** in the SEL field next to the required PO and press  to access the *Invoice Matching (IMP)* screen. The purchase order information defaults from the *POF* screen.
14. Verify that the payment terms that defaulted into the TERMS CODE field are correct. Change the terms code to match the terms indicated on the invoice, if necessary.
15. Type the **total amount of the invoice** in the GROSS AMOUNT field.
16. Press  to process the information and to access the *Invoice Line Audit (ILA)* screen.

**After accessing the *Invoice Line Audit (ILA)* screen:**

17. Verify that the correct accounting distribution is being used.
18. Compare the value in the UOP field to the unit of measure used on the invoice (UOI).
  - If the UOP and the UOI are the same, skip to Step 21.
  - If the UOP and the UOI are not the same, convert the UOP to the UOI, using either Step 20a or Step 20b.

- 19.** Type the **Unit of Invoice (UOI)** in the UOP field if:
- the UOI is defined on the *Units of Measure List (UML)* screen *and*
  - the system-calculated conversion factor equals the true numerical relationship between the UOP and the UOI.

**OR**

Type the **manually calculated conversion factor** in the CONV FACTOR field if *either* of the two conditions in Step 20a is not satisfied.

- 20.** Compare the PO line quantity in the QUANTITY field to the invoice quantity.
- If they are the same, skip to Step 22.
  - If the values are not the same, type the **invoice quantity** in the QUANTITY field.
  - If the invoice quantity is a fraction, convert the UOI to a unit of measure that permits the quantity to be a whole number. Use any option in Step 20 that applies to change the UOI.
- 21.** Compare the PO line amount in the AMOUNT field to the invoice amount. If the values are the same, skip to Step 23. If the values are not the same, type the **invoice amount** in the AMOUNT field.
- 22.** Type **A** in the REQUEST field to tag a line. Each sequence letter (A, B, C) corresponds to a specific line on the purchase order. To indicate each line that is to be paid, you must tag the line. To tag a line, type the sequence letter in the REQUEST field and press . If all lines are to be paid, type **S** in the REQUEST field and press .
- 23.** Press  to process the information.
- 24.** If the invoice is a 1099 transaction, type **3** in the REQUEST field and press  to access the *Invoice Worksheet (IWS-IT)* screen. (If the invoice is not a 1099 transaction, go to Step 29.) Once the NRA vendor has been setup for withholding a 1099 code of **NR** **should default automatically** to the 99 field. Ensure that all payments to NRA's are coded with NR 1099 code so withholding will occur. Otherwise, override the 1099 code with the appropriate code from the *TNL* as listed in Steps 26 - 27.

OC9	INVOICE WORKSHEET 1		IWS-IT
NEXT FUNCTION: _____	ACTION: _____	11/08/2004	13:13:58
REQUEST: _____	=====		
INVOICE NUMBER :	NONRESTEST10	DATE: 11/08/2004	MODEL: _____
VENDOR SHORT NM:	282TESTINGONENO	TESTING ONE NONRESIDENT ALIEN	CURR : _____
VENDOR NUMBER :	_FOR000002 01		CM/DM : I
PO REFERENCE :	EP456879	COUNTY CODE: _____	MULTI PYMT: N
TERMS CODE: _____	PYMT DUE DATE: 11/09/2004	DISCOUNT AMT/PCT: _____	
REMIT MSG: _____	SIGNATURE APPR CD: _____		
LINE	AMOUNT/PERCENT	EXP CO ACCOUNT	CENTER PROJ-CO NUMBER
VAT	QUANTITY UNIT	ITEM NUMBER	DESCRIPTION PRORATE (T F A D) USE 99 I'RC
0001	10.00	001 1301 533110	1000 _____
		TEST_ITEM	Y Y Y Y _____ NR
0002	10.00	001 2A02 533110	2125 _____
		TEST_ITEM	Y Y Y Y _____ NR
0003	_____	_____	_____
0004	_____	_____	_____
SALES TAX/VAT :	_____	FREIGHT :	_____
ADDITIONAL COST: _____		GROSS AMOUNT: _____	20.00

25. Type **TNL** in the NEXT FUNCTION field and press  to access the *1099 Codes List (TNL)* screen.
26. Press  to scroll down the possible 1099 codes until the correct code is located.
27. Type **R** in the NEXT FUNCTION field and press  to return to the *Invoice Worksheet (IWS-IT)* screen.
28. Type **N or next** in the REQUEST field and press  to complete the invoice entry. A blank *Invoice Matching (IMP)* screen is displayed.

## Reports

### OSCOPC (F) AP1099-6 BACKUP WITHHOLD

This report displays all vendors that are set for withholding.

The reports listed below include invoices that have “NR” 1099 indicators. These are the same reports used for State and Federal withholding. Agencies should review these reports to maintain the accuracy of the vendors’ information within the system and meet all withholding and deposit requirements.

### OSCOPC (F) AP1099-7 DAILY WITHHOLD

### OSCOPC (F) AP1099-9 ANNUAL WITHHOLD

On the following page is an example of the AP1099-9 ANNUAL WITHHOLD report which generally represents the format for all of the above reports.

Foreign National  
Account (211953)

RMDSID34

NORTH CAROLINA ACCOUNTING SYSTEM  
OFFICE OF THE STATE CONTROLLER  
ANNUAL WITHHOLDING TRANSACTION 10/14/2004

PAGE: 5  
C-AP-WITHHOLDING

COMPANY ACCOUNT CENTER  
XX02 211953 2000

PAY ENTY	VENDOR NAME	VENDOR NUMBER	TAX ID	INVOICE NUMBER	CHECK NUMBER	PAYMENT DATE	INVOICE TOTAL	YTD WITHHELD
XXPT TESTING ONE NONRESIDENT ALIE		50000000001	500000000	NONRESTEST10	00001502457	10/13/2004	80.00	-24.00
XXPT TESTING ONE NONRESIDENT ALIE		50000000001	500000000	NONRESTEST6	00001502457	10/13/2004	20.00	-6.00
VENDOR TOTAL								-30.00
TOTAL FOR FUND: 2000								-30.00
TOTAL FOR FEDERAL EMPLOYER ID:						56-1234567		-60.00

