Professional Services Compensation

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Honorarium

An honorarium is a monetary gift to outside persons who contribute their expertise to the enrichment of curricular and co-curricular educational programs. It is not a payment arising from a contractual obligation for services rendered. Honorariums cannot be used to pay WCU students, WCU employees, or employees of another NC state agency. An IRS Form W-9 (Request for Taxpayer Identification Number and Certification) is required for an honorarium payment.

To pay an honorarium, complete the [Request to Authorize Honorarium](Request%20to%20Authorize%20Honorarium%205-20-20.pdf) form and see the additional instructions therein. Please submit the completed form to Greg Plemmons at HFR 300N.

Independent Contractors

For federal employment tax purposes, the usual common law rules are applicable to determine if a worker is an independent contractor or an employee. Under the common law, we must examine the relationship between the worker and the business. All evidence of the degree of control and independence in this relationship are to be considered. The facts that provide this evidence fall into three categories – Behavioral Control, Financial Control, and Relationship of the Parties.

*Please do not allow anyone to begin service until a determination is made. The IRS may assess penalties for misclassification of an individual providing services to the University. If an individual is determined by the IRS to be an employee instead of an independent contractor, the University may be held liable for the individual’s employment taxes, penalties, and interest assessed for not withholding income and employment tax, and a separate misclassification penalty.*

To assist in this determination, Western Carolina University has created a checklist and process for campus. Following is the process with applicable contacts and forms links:

1. The [Independent Contractor Checklist](WCU%20IC%20Checklist2%205-20-20.pdf) is required and a determination of status made PRIOR to the completion of other forms and PRIOR to services being provided.
2. The completed checklist should be submitted to Contract Manager in PURCHASING.
3. The checklist will be reviewed to determination the proper classification. Human Resources may assist if necessary.

If the classification is determined to be an independent contractor, the department will be sent the Independent Contractor Agreement along with a W-9 form for completion. The use of the standard Western Carolina University Independent Contractor Agreement, which has been approved by our legal counsel, is preferred. If the decision is made to use the vendor’s agreement, it must be approved by our University General Counsel:

    David Steinbicker

Assoc. VC Admin & Finance

HFR Suite 460

828-227-3112

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1. Submit the completed contract and W-9 to PURCHASING.
2. Once the work is completed, the check request should be submitted to PURCHASING.
3. If the classification is determined to be a temporary employee, the department will be notified and will need to work with Human Resources to complete the proper documentation.

4% NC Withholding On Nonresident Personal Services

North Carolina GS 105‐163.1 and GS 105‐163.3 requires income tax to be withheld at the rate of 4% from ANY payments paid during a calendar year to nonresident individuals or nonresident entities for personal services performed in North Carolina in connection with a performance, an entertainment or athletic event, a speech, or the creation of a film, radio, or television program. Additionally, NC requires income tax to be withheld at the rate of 4% from ANY payments paid during a calendar year to ITIN-Individual Taxpayer Identification Number (usually foreign national individuals) contractors for services provided within the State. See NC-30 for additional information.

Examples of Services Subject to 4% withholding:

•  Performances  
•  Concerts/entertainment  
•  Athletic Event  
•  Speeches (includes any speech that amuses, entertains, or informs is subject to the withholding requirement. This includes instructors at seminars that are open to the public for an admission fee or are for continuing education.)  
•  Creation of a film, radio or TV program  
•  All services performed by an ITIN (Individual Taxpayer Identification Number) holder/contractor

Who is subject to the NC 4% withholding:

•  Nonresident Contractors (additional Payroll paperwork needed)  
•  Nonresident Entities  
•  ITIN (Individual Taxpayer Identification Number) Holders