Outside Vendor Responsibilities
Attention: Church Treasurers/Bookkeepers

If you have vendors whom you pay for services; for example, cleaning, snowplowing, speaking, accounting/legal/payroll services or any other type of service, you may need to file a statement that reports the payments. The rule is, if you pay them more than $600 in a year, for the most part, you must provide them with a 1099-MISC at year-end to report to them and the IRS what has been paid to them. There are some caveats for lawyers and for vendors who are incorporated. Some of you are still paying your clergy person and/or organist as a vendor instead of an employee and if so, you should be providing a 1099 to them as well.

But besides providing a 1099, do you know your other responsibilities? Well, the first is that all these type vendors should, if they are coming to do work at your location, provide a certificate of insurance that they have in case of an accident on your premises. Second, you should be asking them to complete a W-9 form that gives you the information that you need to complete an accurate 1099-MISC. Third, the state of PA, also has a form (REV-1832) that should be completed in many circumstances. Along with the form comes a new ruling that began in 2018. IF your vendor is an out of state vendor, their business is located in a state other than PA, and you pay them more than $5,000; you are required to withhold PA state tax (3.07%) from the payments and remit it to the state of PA on the vendor’s behalf. If you are not sure if you will go over the $5,000 threshold, the state recommends that you withhold from the first dollar of payment.

If you are in doubt as to whether or not you need to use these government forms, I would encourage you to reach out to my office AND use the forms. There is no harm in getting these forms filled out even if you realize later that you do not need them. Once a vendor is paid, however, it is real hard to get them to complete these information forms.

- Tammie Wisniewski, PSEC Financial Operations Manager

If you have any suggestions or questions for an upcoming article, please contact Tammie at tammie@psec.org or 484-949-8774 X304