Third Party Payments going through Oracle AP

Accounts Payable sometimes receives reimbursement requests from individuals or payment requests for a vendor where the payment was made on the behalf of another individual. Depending on the type of payment made, there may be 1099 or 1042S tax implications. The following process explains the method used to impute income correctly to the appropriate individual, and make payment or reimbursement to the correct person or vendor.

* The Vendor chosen for payment must be the vendor who will bear the Tax burden.
* The vendor needs to have a site created (temporarily for 1 month,) That lists the alternate payee in the first line of the site.
* The first line of the site for a third party payment should always be “OR” and the alternate payee’s name

Example :

* John Harvard paid for Sally Smith’s gift card in the amount of $100.00.
* The $100.00 should be listed as taxable income for Sally Smith.

For further instructions on how to set up a vendor or vendor site, see:

 http://eureka.harvard.edu/Eureka/jobaids.cfm?categoryID=498&y=0

* A site should be requested to be added to Sally Smith’s vendor profile to read:

OR JOHN HARVARD

Holyoke Center

Cambridge, MA 02138

* The payment request PR should be created for Sally Smith with a site of OR JOHN HARVARD. Do not process this as a non-employee reimbursement.
* When the payment is made, it will show as Pay to the order of :

Sally Smith

Or John Harvard

Holyoke ctr

Cambridge, Ma 02148