



Tax Solutions: Vendor Tax Portal

Manage tax determinations when making payments to US and foreign vendors

The Vendor Tax Portal allows organizations to automate the tax determinations required for due diligence, withholding and reporting obligations when making payments to US and foreign vendors.

The increased Internal Revenue Service (IRS) audit focus on payments made to US and foreign vendors along with significant recent uplifts in information reporting penalties have made it more critical than ever for companies to have effective compliance procedures in place.

The Vendor Tax Portal allows an organization to focus on its core business, easing the burden on accounts payable and tax departments. The web-based platform translates vendor domicile, products, and services information into a tax form requirement for the vendor; rather than requiring Accounts Payable staff to manually determine and capture vendor tax information. The vendor completes the requisite tax form through the online interview, the tool provides the withholding tax requirement and reporting specifications for Forms 1042-S or 1099. The tool maintains an automated audit trail and allows for the submission of electronic or paper tax forms.

Enhance Efficiency

Minimizes time, effort and communication between accounts payable departments and vendors. Reduces judgment calls for accounts payable professionals who are not subject matter experts and manages vendor expectations of the information required and the reporting that will be provided at year end.

Increase Protection

Maintains an electronic audit trail for documenting foreign-source or non-FDAP payments to foreign vendors. Assists upfront determinations of vendor documentation so that the income sourcing determination is not solely based on invoice information and constrained by strict payment timing terms.

Increase Communication

Communicates expectations to vendors based on their domicile and the payment income type; and allows the withholding agent to analyze the treaty claim made on a Form W-8BEN/BEN-E based on the income type. Conveys tax form requirements to vendors, as well as accounts payable and tax departments.

Support for the Foreign Account Tax Compliance Act (FATCA)

Most vendor payments are out of scope for FATCA. The Vendor Tax Portal will identify payments in-scope for FATCA and will direct impacted vendors to complete the full FATCA certification on an appropriate Form W-8 electronically. Vendors receiving non-FATCA payments will be directed to a substitute electronic Form W-8, which excludes the lengthy FATCA certification sections.

Comprehensive capabilities for vendor tax solutions

Vendor Tax Portal	Vendor Tax Portal Lite
Vendor is taken through electronic certification process for IRS Forms W-8 and W-9. Automated validation performed by portal	Vendor is directed to complete and submit PDF Forms W-8, W-9, or 8233
Manual form validation module for withholding agent to validate IRS Forms W-8, W-9, and 8233	Manual form validation module for withholding agent to validate IRS Forms W-8, W-9, and 8233

The Vendor Tax Portal allows your accounts payable and tax departments to determine:

- The vendor's US or foreign tax status
- The source and character of the payments made to non-US vendors (US source ECI / US source FDAP income / US source royalties / non-US source income / non-withholdable income)
- The income type paid to non-US vendors for treaty rate determination and reporting purposes
- The corresponding income, recipient, and exemption codes for Form 1042-S reporting
- A determination of Form 1099 reporting requirements
- Specific documentation requirements for each vendor (for example, Forms W-8/W-9/8233)
- The appropriate withholding rate to apply to payments made to vendors
- An identification of vendors that may be presumed foreign without a tax certification
- The identification of US indicia and additional documentation requirements
- Tax form validation results and expiration tracking

For more information on our suite of products and services please visit us at ihsmarkit.com/riskandregcompliance.

AMERICAS
+1 212 931 4900

EMEA
+44 20 7260 2000

APAC
+65 6922 4200

MK-TaxSolutions@ihsmarkit.com