



## Markit | CTI Tax Solutions

### Vendor Tax Portal

Manage tax determinations when making payments to US and foreign vendors

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

The increased 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 helps ease the burden on accounts payable and tax departments so the organisation can focus on its core business. Rather than requiring AP staff to manually determine and capture vendor tax information, the web based platform translates vendor domicile products and services information into a tax form requirement for the vendor. Once the vendor completes the prescribed Form W-8 or W-9 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.

#### Efficient

Helps minimise 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 for the information required to be submitted and the reporting that will be provided at year end.

#### Protective

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

#### Interactive

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

#### Support for 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 a Form W-8 electronically. Vendors receiving non-FATCA payments will be directed to a substitute electronic Form W-8, which exclude the lengthy FATCA certification sections.

## Comprehensive capabilities for vendor tax

### Vendor Tax Portal

Vendor is taken through electronic certification process for IRS Forms W-8 and W-9. Automated validation performed by portal

Manual form validation module for withholding agent to validate IRS Forms W-8, W-9, and 8233

### Vendor Tax Portal Lite

Vendor is directed to complete and submit PDF form W-8, W-9, or 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:

- Vendor's US or foreign tax status
- Whether the income paid is effectively connected to a US trade or business (ECI)
- Source and character of the payments made to non-US vendors (US source FDAP income versus non-US source/non- FDAP income)
- Income type paid to non-US vendors (for treaty rate determination and reporting purposes)
- Corresponding income, recipient, and exemption codes for Form 1042-S reporting
- Determination of 1099 reporting requirement
- Specific documentation requirements for each vendor (for example, Forms W-8/W-9/8233)
- Appropriate withholding rate to apply to payments made to vendors
- Identification of vendors that may be presumed foreign without a tax certification
- Identification of US indicia and additional documentation requirementsTax form validation result and expiration tracking

**Learn more**

[www.markit.com/tax](http://www.markit.com/tax)

## More information on IHS Markit products and services

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