



THE GEORGE
WASHINGTON
UNIVERSITY
WASHINGTON DC

Responsible University Official:
Senior Associate Vice President for
Finance
Responsible Office: Treasury
Management
Origination Date: February 2005

DISBURSEMENT BY CASHIERS' CHECK POLICY

Policy Statement

It is the policy of the University to make all payments by check in U.S. dollars issued by the University's Accounts Payable department. The University will make payments by cashiers' check in exceptional circumstances upon payee request. However, the University strongly discourages use of cashiers' checks because cashiers' checks are considered "near cash," are extremely difficult to replace, and require very careful handling by both University employees and the payee.

Reason for Policy/Purpose

The purpose of this policy is to provide guidance on the procedures that must be followed to request that a payment be made by cashiers' check. These procedures have been established to ensure accurate and timely payment of a properly authorized and documented cashiers' check that complies with U.S. immigration and tax regulations.

Who Needs to Know This Policy

Faculty, staff and students

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Policy/Procedures

The following procedure has been established to process cashiers' check requests:

Disbursement by Cashiers' Check

The department requesting payment by cashiers' check must forward a [Payment Request Form](#) along with the appropriate supporting documentation to Treasury Management. The [Payment Request Form](#) must include the following information: 1) The full name and mailing address of the vendor to be paid; 2) U.S. taxpayer identification number (if payment is U.S.-based); 3) the EXACT amount of the payment; and 4) the alias and account information. The form must include the following comment: "Cashiers' Check request sent to Treasury Management on mm dd yy". As detailed in Appendix A, an authorized individual must sign the [Payment Request Form](#).

The supporting documentation must include sufficient information to substantiate the amount of the payment as well as the business purpose, the payee's name, address, and the date and nature of the transaction. Examples of acceptable supporting documentation include an approved invoice or a signed contract. The documentation needs to support the exact amount of the cashiers' check request. Create a spreadsheet if necessary to show how the support adds to the requested amount of the check. An authorized signer must approve the supporting documentation.

Treasury Management will review the request and supporting documentation for appropriate tax documentation. As noted in Appendix B, if the payment is made to a non-U.S. citizen or foreign company, the Tax Department will review the payment request to determine the tax withholding and reporting requirements.

The Treasury Management department will forward the request to the bank for processing. Allow 2 to 3 days for bank processing. After completion, the bank will send the cashiers' check to Treasury Management who will notify the authorized signer by e-mail that the payment is ready for pickup.

Copies of the [Payment Request Form](#) and backup will be forwarded Accounts Payable for proper recording of the transaction in the accounts payable system for purposes of compliance with 1099 reporting requirements.

Forms

[Payment Request Form](#)

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Website Addresses for This Policy

[GW University Policies](#)

Contacts

Subject	Contact	Phone
Questions	Treasury Management	(202) 994-0985
Tax Implications for Payments to non-U.S. citizen or Foreign Company	Tax Department	(202) 994-2556

Related Information

[A Brief Primer on Doing Business Abroad: U.S. Laws that Affect GW's International Activities](#)
[Compliance with U.S. Laws When Conducting University Activities Overseas](#)
[Disbursements in Foreign Currency Policy](#)
[Export Control Policy](#)
[Electronic Funds Transfer \(EFT\) Policy](#)
[Tax Issues Regarding Payments to Individuals who are not U.S. Citizens or not U.S. Lawful Permanent Residents](#)

Appendices

Appendix A	Additional Information on the Authorized Signature
Appendix B	Tax Considerations

Who Approved This Policy

Louis H. Katz, Executive Vice President and Treasurer

History/Revision Dates

Origination Date:	February 8, 2005
Last Amended Date:	June 12, 2007
Next Review Date:	October 1, 2010

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Appendix A

Additional Information on the Authorized Signature

The authorized individual must sign the [Payment Request Form](#) in the “Approved For Payment” section and type their name and email address below the signature.

The general rule is that the person who has budgetary responsibility (or their designee) is the authorized signer. Cashiers' checks that will be charged against account strings that include an “E” fund must be countersigned by the Senior Associate Vice President for Finance. The person authorizing the transaction should not be the same as the requestor.

The authorizing signature is attesting that: 1) The tax ID is correct; 2) The payee name and address are correct; 3) The approving individual is empowered to approve the [Payment Request Form](#); 4) The obligation is legitimate, and has been incurred in accordance with University policy; 5) The payment amount is accurate; 6) The accounting code combination is accurate; and 7) the person or entity to be paid, if overseas, does not appear on any U.S. Government lists barring transactions with such persons or entities.*

* For questions, please contact the Office of the Senior Vice President and General Counsel and refer to [A Brief Primer on Doing Business Abroad: U.S. Laws that Affect GW's International Activities](#), the [Export Control Policy](#), and the policy regarding [Compliance with U.S. Laws When Conducting University Activities Overseas](#).

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Appendix B

Tax Considerations

The tax withholding and reporting requirements for payments to a non-U.S. person or a foreign company differ than those for payments to U.S. persons. Please call the Tax Department at (202) 994-2556 to review the additional information that is required for University compliance with federal tax laws.

Before making any financial commitments to non-U.S. persons, departments must complete the following steps:

1. Ensure the payee obtains the appropriate visa to allow payment by the University;
2. Contact the Tax Department to understand the tax withholding and reporting requirements *before* the payee arrives and communicate the requirements to the payee in advance;
3. Ensure the payee obtains and provides the Tax Department a U.S. Social Security Number or Individual Taxpayer Identification Number; and
4. Ensure that the payee completes and submits the required documentation to the University's Tax Department.

Step 1 on the above list can be addressed by referring to the University's policy on payments to non-U.S. persons located at the following URL:

<http://my.gwu.edu/files/policies/NonResidentAliensFINAL.pdf>

Steps 2 through 4 on the above list are discussed below:

Once it is determined that the non-U.S. person is on the correct type of visa to allow payment, the Tax Department must review the proposed payment to determine the tax withholding and IRS reporting requirements. The tax implications and documentation requirements must be communicated to the payee in advance.

In general, 30% federal tax is required to be withheld from payments to non-U.S. persons unless a tax treaty exemption is available AND the payee receiving the payment completes the required tax documents in advance. Payments to non-U.S. persons are not exempt from tax simply because a tax treaty exists between the U.S. and their home country. In order to be exempt from tax under a treaty, the payee and terms for payment must meet certain requirements: Type of service performed for payment, payee's maximum presence in U.S. (for entire calendar year, not just at days at GW), allowable payor (some treaties limit who can pay a foreign national), maximum amount of payment (possible limit on payment per day). Every tax treaty has its own requirements. In addition, if a tax treaty is available, it is not automatic. Once it is determined that the requirements of the treaty are met, the payee must complete an IRS form certifying their

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status. Depending on the type of payment, the form must then be filed with the IRS before the payment can be made.

The University is required to report all payments made to non-U.S. persons to the IRS at the end of the year on Form 1042-S. Form 1042-S is the equivalent of a Form W-2 or 1099. In order to report the payments to the IRS, every non-U.S. person receiving a payment from the University is required to obtain a U.S. tax identification number. An identification number is required for all types of payments, including one-time payments, regardless of the amount. Certain payees are eligible to apply for a Social Security Number ("SSN") depending upon their visa status and work authorization. Application for a SSN must be made in person once the payee arrives in the U.S. If the payee is not eligible for a SSN, the payee must apply for an Individual Taxpayer Identification Number ("ITIN") with the IRS. Application for an ITIN is made via Form W-7 and can be applied for before the payee arrives in the U.S. If the University does not obtain an identification number from the payee, 30% tax withholding is automatically required. If the tax is not withheld, the University is liable for the tax and penalties due to the IRS. In addition, a \$50 penalty will be assessed if the University does not obtain an identification number, even if the tax is withheld. This penalty will be charged back to the departments that invited the payee to campus.

In summary, the documentation required to be submitted to the tax department includes:

1. Completed GW Alien Information Request Form ("AIRF")
2. Copy of passport and visa documents
3. Copy of Form I-20 for F-1s or DS-2019 (formally IAP-66) for J-1s
4. U.S. Social Security Number or Individual Taxpayer Identification Number ("ITIN")
5. Copy of letter from department to payee describing the type of payment and services to be performed.
6. Completed Form 8233 (for service payments) or W-8BEN (for non-service payments), if a tax treaty exemption from tax withholding is available.

Once the tax implications have been determined and the required documentation is completed with the University's Tax Department, the department completes and submits the payment request form to Accounts Payable. Please be sure to include the payee's SSN or ITIN on the document.

If you have any questions concerning this policy, you may call the International Services Office (for visa-related questions) at (202) 994-4477 or the Tax Department at (202) 994-2556.