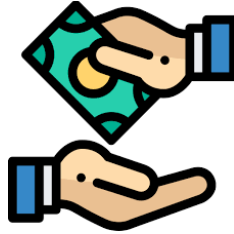


GAO Topic of the Month – January 2023

SAAM 4553 – Proper Uses of MISCPAYVEND and MISCCUSTOM



Background

The State of Arizona Accounting Manual (SAAM) 4553, details the *Proper Uses of MISCPAYVEND and MISCCUSTOM* vendor codes. This Topic of the Month reminds agencies of the allowable uses of these two (2) generic vendor codes. SAAM 4553 provides agency guidance to ensure State compliance with the Federal Government, including the Internal Revenue Service (IRS) and the Office of Foreign Assets Control (OFAC), with respect to filing and other Federal requirements. Inappropriate use of these vendor codes may expose an agency that incorrectly uses them to severe monetary penalties imposed by the IRS. Note that the cost of these penalties cannot be recovered through filing a Risk Management claim.

General Guidelines

- All payments to vendors, contractors, and non-employee service providers require that the State collect the recipient's Taxpayer Identification Number (TIN).
 - This requires completion of a State of Arizona Substitute W-9, which can be found on the GAO website here: https://gao.az.gov/publications/forms_titled_GAO-W-9.
 - Failure to obtain the recipient's TIN will result in the agency being responsible for penalties for failure to withhold and report and the backup withholdings.
- Although payments of less than \$600 per calendar year do not need to be reported to the IRS, the payments made are consolidated at a statewide level. An agency cannot determine if the consolidated statewide payments reach the threshold for reporting. Therefore, the SAAM must be followed.
- The GAO, not the paying agency, shall determine which payees will be issued a Form 1099-MISC. This determination is based on total statewide dollar amount paid and/or organizational status.
- When possible, using the P-Card to purchase goods and services may be advisable as this practice shifts the burden of 1099 reporting and backup withholding to the card issuer.

MISCPAYVEND

- Use of this vendor code is restricted.
- Agencies must request permission to use MISCPAYVEND by sending their request to GAO AFIS Operations, at afis.operation@azdoa.gov, for consideration. The request must state the agency's purpose of using MISCPAYVEND and include how the agency will meet Federal reporting requirements.

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MISCCUSTOM

- With the exception of income tax refunds made by the Department of Revenue, refunds of amounts that were previously paid to the State need not be reported to the IRS. For such refunds, the appropriate vendor/customer ID to use is MISCCUSTOM. These types of refunds include, but are not limited to:

Agency	Type of Refund
ADA	Refunds of insurance premium overpayments to the Health Insurance Trust Fund (HITF)
DTA	Refunds of license plate fees by the MVD
GFA	Refunds of unsuccessful entries for drawings for hunting and fishing
PRA	Refunds of fees paid involving the cancellation of park reservations
VARIOUS	Refunds for registration and licensing charges made when a license is not issued or is revoked
VARIOUS	Other refunds or returns of money that was previously deposited with the State that has been determined to have been erroneously remitted

- **Refunds made using MISCCUSTOM are to be recorded as reductions to the corresponding revenue source.**
- SAAM 4553 states that GAO will review the use of MISCCUSTOM to ensure appropriate accounting.

Exceptions

- Portions of SAAM 4553 do not apply to agencies that, under the circumstances described below, issue their own Forms 1099, provide a file containing TINs to the GAO for processing, or are otherwise excluded. These agencies are:

Agency	Type of Payment
CHA	Benefit payments
DCA	Compensatory payments made to inmates
DEA	Benefit payments
DJA	Compensatory payments made to youthful offenders
DTA	Title services that withhold fees from their remittances to the State
GFA	Payments made to informants
HSA	Compensatory payments made to residents of Arizona State Hospital
LOA	Winnings paid to players
RTA	Retirement benefits paid to retirees or their heirs, assigns, or estates
RVA	Income tax refunds

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If you have any questions about this topic, reach out to your agency contact who can provide assistance, or contact your agency's AFIS Liaison or GAO Internal Audit, at gaointernalaudit@azdoa.gov.