



Independent Contractors/Consultants

Purpose

This document outlines the Research Foundation (RF) policy for travel expense reimbursements to independent contractors or consultants on RF business.

Nontaxable or Taxable Income

Payments to reimburse an independent contractor for travel do not have to be reported to the Internal Revenue Service (IRS) if the contractor provides adequate documentation of the expenses to the RF. See block labeled "[Adequate Documentation by Contractor.](#)"

If travel expenses are not supported by adequate documentation, the total amount of the payment is considered nonemployee compensation and must be reported to the IRS and to the contractor on IRS Form 1099-MISC, "Statement for Recipients of Miscellaneous Income." Choose the appropriate version (year) of this form from the [Forms and Publications](#) page of the IRS Web site.

This policy pertains to United States citizens and resident aliens. See "Overview of Miscellaneous Income Payments" and "Processing Vendor Payments" in the Purchasing/Payment Manual. When the independent contractor is a nonresident alien, contact the sponsored programs office at your location for tax implications and instructions. For more information, see the following documents in the Purchasing/Payment Manual:

- "Overview of Miscellaneous Income Payments to Nonresident Aliens" (PP-A-72)
- "Classification of Aliens as Residents or Nonresidents for Tax Purposes" (PP-A-73)
- "Requirements for Payments to Nonresident Alien Independent Contractors and Royalty/Rent Recipients" (PP-A-82)

All non-overnight meal payments are taxable, whether included in the contractor's fee or billed separately from the fee.

Adequate Documentation by Contractor

In order for an independent contractor's travel expenses to be considered nontaxable income, the following documentation must be provided:

- a record describing each element of the expenditure (amount, date, place, business relation, and purpose) made at or near the time the expense was incurred; such record is to be supported by receipts; *or*

- a record that describes the date, place, and business purpose of the travel; such record is allowed when per diems are used for reimbursement.
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Rates for Reimbursement

When using per diem allowances, rates from the U.S. General Services Administration must be used for meals and lodging. GSA rates are [provided online by the GSA](#). Current IRS rates must be used for mileage ([see Schedule 1](#)). These rates are the same as the RF rates.

Independent contractors may be reimbursed for reasonable and actual travel expenses that exceed RF rates, if the expenses are adequately documented and are permitted by sponsor policy and contract provisions.

Budget Category

All travel reimbursements to independent contractors should be made from the same budget category as all other payments to the contractor. Payments should not be made from the travel budget categories.

Documentation Requirements

Receipts

Original receipts are preferred. If a contractor provides copies of receipts instead of original receipts, the contractor must provide justification for the use of copies before the expense is reimbursed.

Forms

An independent contractor may use the RF's travel form or any other form that documents the travel expense. The documentation should contain the date, place, amounts and business purpose of the trip. Locations should not use SUNY travel forms. RF travel forms are found on the Forms and Originals page of the RF Web site (www.rf.suny.edu).
