

## **Subject Line: PA Income Tax Withholding for Certain Vendor Payments**

Governor Tom Wolf recently signed a bill that made several significant changes to Pennsylvania tax laws, including one that will impact some of the payments the University makes to its vendors. Effective January 1, 2018, the University is required to withhold Pennsylvania Income Tax (currently, 3.07%) from payments of Pennsylvania sourced income to non-resident individuals and certain entities owned by non-resident individuals. Business income and tax withholding information will be reported to the Pennsylvania Department of Revenue on IRS Form 1099-MISC.

To accommodate this new law, please note the following changes to the Accounts Payable process:

- 1) Accounts Payable will request an updated IRS Form W-9 from many of Lehigh's out of state vendors in order to determine who is subject to Pennsylvania income tax withholding.
- 2) A new Accounts Payable Payment Approval Form will soon be on the Accounts Payable website. The new form will request some additional information to determine tax withholding status, and includes a reminder regarding the need for a current IRS Form W-9. You will be notified when the form is available but please use the current form until then.
- 3) The Accounts Payable website now includes a link to the current IRS Form W-9 for your convenience.
- 4) An information notice will accompany Accounts Payable checks to any vendors affected by this new law.

### **If you have any questions, please contact:**

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