

DEARBORN ADMINISTRATIVE GUIDE

Section: Faculty and Staff
Subject: Form G Payments
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General Procedures

Special stipends are used, consistent with the rules and regulations of the unit, to compensate eligible University staff members who provide additional non-recurring services which are performed outside of their regular work schedule or assignment, to pay moving and travel expenses in accordance with University policy (See [SPG 201.68](#) "Moving and Relocation Expenses"), to pay Category II Risk payments, to pay honoraria (federal projects do not permit payment of honoraria) to visiting dignitaries and scholars, and to pay scholarly and other work-related awards.

All G forms initiated on the Dearborn Campus must be processed through the Dearborn Human Resources Office or they will not be honored at the Ann Arbor Staff Records Office or the Contract Administration Office. Forms are to be submitted in duplicate. Form G, G-1 and G-2 must show a valid social security number. Any non-resident aliens claiming exemption from taxation must submit IRS Form 8233.

Form G is used for the following:

- payments to eligible University personnel who provide additional one-time services which are performed outside of their regular work assignment
- payment of honoraria to non-University personnel for lectures (Non-Federal moneys only)
- payments of moving and related travel expenses in accordance with University policies
- allowable for Resident and Non-Resident Aliens who are University employees
- payments will be subject to payroll tax deductions

Form G-1 is used for the following:

- payments for honoraria to groups of non-University individuals who are U.S. citizens.
- All Form G-1's must be accompanied by the Form G-1 Supplement listing the individuals.
- Form 1099's will be issued at year end to all G-1 recipients for tax purposes.

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Form G-2 is used for the following:

- payments to non-University personnel for consulting services
- payments from federal fund sources to independent contractors (non-University personnel) for their personal services
- a [Personal Service Contract](#) is required in addition to Form G-2 when fees will be in excess of \$1,000 per calendar year
- An invoice from the Payee is required to process payment. (Submit to Contract Administration Office)
- Form 1099's will be issued at year end to all G-2 recipients for tax purposes

Form G/G2 Payments to Nonresident Aliens

Nonresident aliens who are being paid as independent contractors and who are not members of the faculty and staff, must be paid on the Form G or the Form G-2. Each Form G/G-2 must have a valid Social Security number entered for the nonresident alien. If the nonresident alien does not have a valid number, she/he must apply for one. The University can be penalized for reporting information under invalid SSN's.

Use of Special Stipends to Pay Performers

If the performer(s) is to be paid as an individual (or several performers as individuals) the requests for payment must be on a Form G if a University employee and a Form G-2 if not a University employee and be sent through Dearborn's Human Resources Office. If the person is a University employee, this amount will be added to his payroll record. Non-University income is reported on a Form 1099.

If the performer or performers are to be paid as a corporation, the payment is treated as a regular vendor payment. A purchase order must be obtained and processed through normal channels. Please allow ample time to receive payment.

(Student Organizations are not units approved to use the University Purchasing system and must arrange to have this vendor payment through Dearborn Cashier's Petty Cash process.)

Use of Special Stipends to Pay Performers for the Cultural Events Committee.

Payment for events sponsored by the Cultural Events Committee is handled through the University Purchasing system on an annual blanket purchase order for "Miscellaneous Vendors".

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Payment of Athletic Officials (Non Employees)

Payment of athletic officials is handled through Petty Cash vouchers at Dearborn Cashier's Office. Form 1099's are issued at year end to provide taxable income information. (Employees must be compensated by the [Form G](#) method above.)

New Tax Treatment of Prizes and Awards

The Tax Reform Act of 1986 made prizes and awards granted to individuals in recognition of religious, charitable, scientific, educational, artistic, literary or civic achievement subject to Federal, State and Social Security tax withholding.

In order to comply with the act, these payments are to be authorized on the Form G and paid through the University Payroll Office.

The decision to increase the gross award so that the awardee receives a stipulated sum as a NET amount is at the discretion of the awarding department. The gross amount of the Form G may be made large enough to compensate for the necessary withholding. For instructions on the calculation of the proper gross award amount see <http://www.payroll.umich.edu/grossup.html> or contact the Payroll Office at 734-764-8250.

For more detailed information, see [SPG 201.85](#) and [SPG 201.86](#).