

Vendor Holds – Delinquent State Taxes

Policy

The Chief Financial Officer will withhold payments to vendors who are delinquent in paying taxes due to the State of Florida.

Definitions

Agency

Within the State of Florida, an entity of the legislative, executive, or judicial branch of state government over which the Legislature exercises full budgetary and statutory control.

Vendor

1. A supplier of goods and/or services. 2. A vendor is anyone required to provide a Taxpayer Identification Number (TIN) to the State of Florida for W-9 purposes. 3. In the context of federal grant awards, a vendor, generally, is a dealer, distributor, merchant, or other seller providing goods or services that are required for conducting a federal or state program. These goods or services may be for an organization's own use or for the use of beneficiaries of the federal or state program. However, in some cases a state agency employed by the prime agency to perform tasks, provide services, carry out a program, etc. may be classified as a vendor by the federal government if certain criteria outlined by the Federal Office of Management and Budget are met (see Circular A-133 for more information). 4. Information as to vendor classification in the context of state financial assistance programs is outlined in the Florida Single Audit Act Checklist for Non-State Organizations-Recipient/Subrecipient Vs. Vendor Determination checklist. The checklist is available electronically from the Appendix of Forms section of the Financial Management Manual.

Background

Pursuant to Section 213.67 (9), Florida Statutes, the Department of Revenue (DOR) periodically provides the Department of Financial Services (DFS) with an electronic file of persons and/or businesses that owe taxes to the State of Florida. DFS withholds all payments to the Vendor until the Vendor has settled their tax liability with DOR. DOR can provide an exemption to the levy and allow DFS to process specific payments to the Vendor.

Procedures

These procedures are provided for withholding payments in Aspire for a Vendor that is delinquent on their taxes to the State of Florida.

1. DOR will periodically provide a file of vendors that are delinquent on their state taxes to DFS.
2. DFS will place the vendor's record in Aspire on Payment Hold to prevent creation of the warrants or electronic transfer of funds to the vendor. DFS will also select the "Department of Revenue" reason code in Aspire so that users will know why the Vendor record was placed on Payment Hold.
3. When a user saves a voucher that is associated with a Vendor that is on hold, the system will generate a message box with the following message:

"Contact the Bureau of Auditing for resolution. Voucher saved has a pending vendor hold flag."

The voucher will continue to route through the agency's workflow. The agency's final approver should contact DFS, Bureau of Auditing, to determine if there is an exemption from DOR for processing that specific payment.

4. DFS, Bureau of Auditing, will determine if DOR has previously granted an exemption for this type of payment. DFS will process the payment to the Vendor if an exemption is on file. DFS will contact DOR for disposition of the payment request if an exemption is not on file.
5. DFS will notify the agency that DOR has confirmed a claim against the vendor if instructed by DOR to withhold payment from the vendor. DFS will process the payment if DOR grants an exemption.

6. The requesting agency must contact the vendor and instruct them to contact DOR in order to resolve the delinquent tax liability.
7. DOR will send an electronic file of the vendors that can be removed from Payment Hold to DFS when the tax liability has been settled. An Agency can also provide DFS with documentation from DOR showing the settlement of a vendor's tax liability to manually remove a Payment Hold for the vendor. DFS will remove the Payment Hold from the vendor record and any unpaid vouchers.

Policy Approval Dates

Department of Financial Services

Approved

September 25, 2006

Authority and References

Section 213.67 F.S.; Comptroller Memorandum #2 (95/96).

Document Version Control

Version Number	Release Date	Description of Changes
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V2	3/27/2006	Draft for Agency Review
V3	9/25/2006	Approved Document