



A
Winning
HAND:

How ePayables Solutions Support TIPRA

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All of **us** serving you®



Agenda

1. Relevant Legislation and Regulation
2. New Requirements
3. Current Status and Repeal Efforts
4. Implications for Payment Methods
 - a) Cards
 - b) Payment Plus
 - c) U.S. Bank EIPP
5. Next Steps
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Relevant Legislation and Regulation

- Tax Increase Prevention and Reconciliation Act of 2005
 - Implementing regulations under IRC 3402(t)
 - Notice 2010-91
- Housing Assistance Tax Act of 2008
 - Implementing regulations under IRC 6050W
 - Notice 2009-19
- Patient Protection and Affordable Care Act (repealed for now...)



TIPRA & 3402(t) Requirements

- Requires all government entities (Federal, state, local) that spend \$100MM or more per year to:
 - Withhold 3% from almost all vendor payments of \$10,000 or more
 - Send the amount withheld to the U.S. Treasury
 - Provide 1099 reporting to the payee and IRS
- Effective 1/1/2013



HATA & 6050W Requirements

- Requires charge card acquirers to:
 - File an information return to the IRS and to payees all payments they process each year
 - Perform back-up withholding when a payee has not submitted a valid TIN, or as directed by the Secretary of the Treasury
- Effective 1/1/2011 (reporting) and 1/1/2012 (withholding)
- Eliminates buyers' 1099 burden for card transactions



PPACA Requirements

- Would have dramatically increased 1099 burdens:
 - Requiring 1099 reporting for payments to corporations
 - Requiring 1099 reporting for real property purchases
- However, card purchases reported under 6050W would be exempt
- Planned effective date 1/1/2012, but repealed 4/14/2011 by Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011



Repeal Efforts

- PPCA already repealed
- Many organizations working for repeal of TIPRA
- No major efforts to repeal HATA/6050W



Current Status

- By January 1, 2012, all Federal agencies must be prepared to comply with TIPRA withholding and reporting requirements
- There is an exception for card-based payments and other third-party payment mechanisms
- Acquirers and other third-party payment system providers must comply with 6050W for 2011



Relevant Payment Solutions

- Purchase Card
- U.S. Bank Access[®] Online Payment Plus
- U.S. Bank Freight Payment Solution



Background: Purchase Card

- The most well known third-party payment solution
- In place in the Federal government since the late 1980s
- Often have associated “convenience checks”

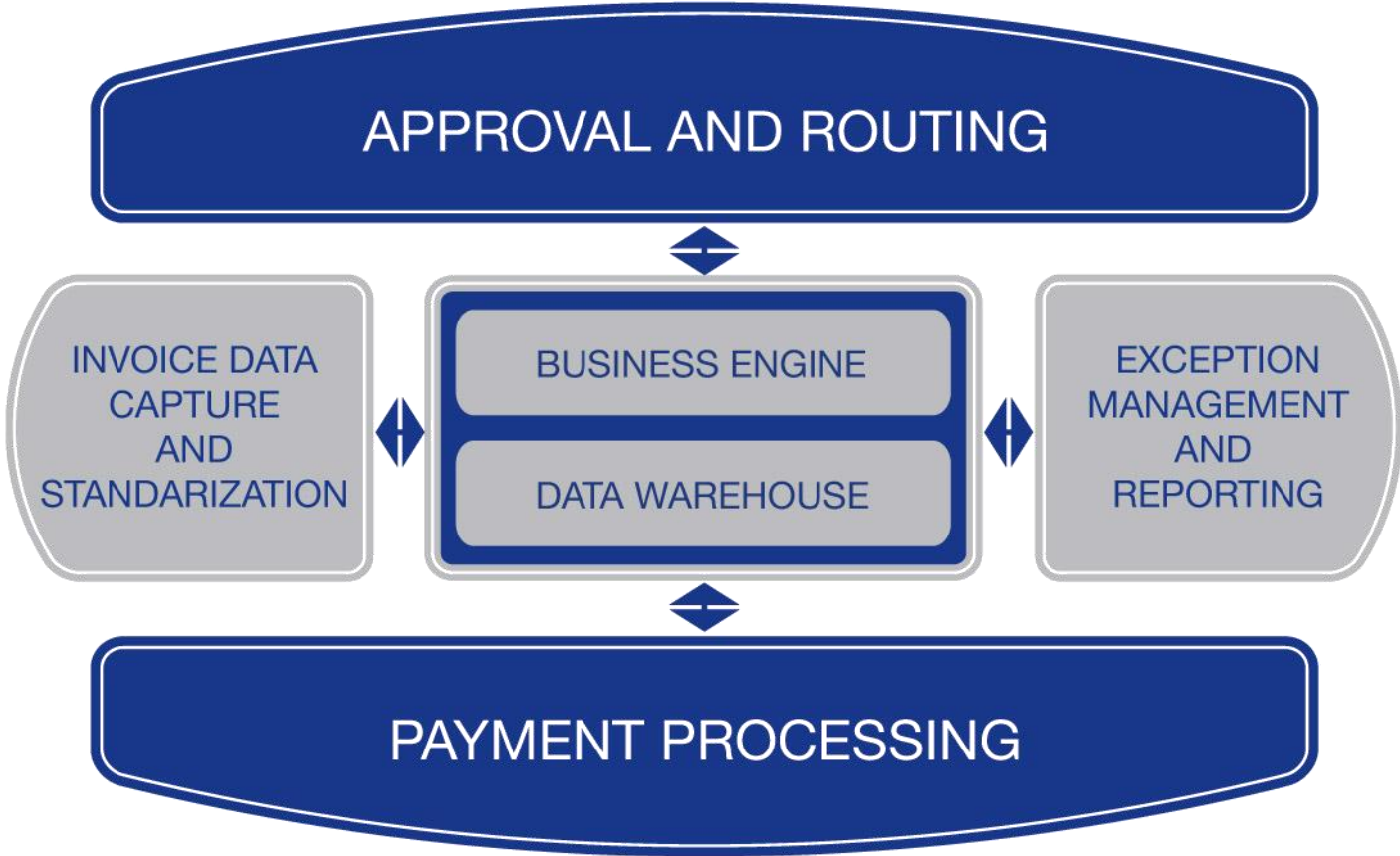


Background: Payment Plus

- Payment Plus is a card-based (but cardless) account system that includes several newer features:
 - Dynamic credit adjustment accounts
 - Single-use accounts
 - Straight-through processing



Background: EIPP



Implications for Cards

- Transactions will be reported under 6050W by the acquirers
- Exempt from TIPRA requirements and “regular” 1099 reporting
 - Convenience check transactions are not exempt from either requirement
- Organizations move to maximize card payments



Implications for Payment Plus

- Payment Plus is a card-based payment mechanism
- Transactions will be reported under 6050W by the acquirers
- Payment Plus transactions are exempt from the TIPRA requirements and “regular” 1099 reporting
- Analyze AP files and use Payment Plus to augment the p-card and minimize TIPRA burdens



Implications for U.S. Bank EIPP

- The U.S. Bank EIPP system is based on the Syncada[®] from Visa network third-party payment system
- EIPP's status under TIPRA and HATA (6050W)
- Contact your U.S. Bank Relationship Manager or Sales Manager for more information



Next Steps

1. Analyze Accounts Payable file to move all possible transactions to the P-card
2. For transactions with merchants who accept cards but where extra control is required, implement Payment Plus
3. For transactions with merchants who do not accept cards or where even greater controls or data are required, consider implementing EIPP
4. Contact your U.S. Bank RM or Sales Manager



Questions?



Thank You

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