

# Vendor Garnishment Process

Until recently we have not had an issue with the garnishment process for Vendors. It has just not been an issue. However lately we have had several instances where districts have been sent paperwork from the state requesting that State Tax (9543) now be withheld from several Accounts Payable vendors.

The Escape software is rather limited in its' ability to deal with this process. There is Garnishment Flag on the vendor screen but it does not cause any actual withholding to take place. Right now it's just a way to search for Vendors that should have a garnishment and the actual garnishment has to be done manually.

The actual withholding process would be as follows:

1. On the vendor screen look for the field Garnish in Section 5 – Payment Information. Change the field from a No (default) to **Yes**. Be sure to save the entry. (Finance- Purchasing- Vendor)

Vendor # 039022, Armor Locksmith Services

Vendor | Payments:5 | Requisitions:5 | Notes | Attachments | Categories | Catalog | History |

**Vendor Information**

**1 - Vendor Description**

Vendor Id	039022
Vendor Name	Armor Locksmith Services
Sort Name	Armor Locksmith Services
Federal Tax Id	###-##-7896
State Tax Id or SSN	
Sole Proprietor	No
Customer Acct #	
Web Address	
Comment	WILLIAM / ANITA GILSTRAP
Active	Yes
Validation Message	

**2 - Independent Contractor Information**

Contract Start Date	
Contract End Date	
Contract Amount	0.00
Ongoing Contract	No
Independent Contractor	No
EDD Print Date	

**3 - Vendor ACH Information**

**Addresses**

Name	City	St	Phone #	Issue	Remit	1099	Active
Armor Locksmith Service	Richmond	CA	(707) 762-0434	Yes	Yes	No	Yes

**Order/Payment Information**

**4 - Order Information**

Buyer	
Delivery Days	0
Shipping Percentage	0.00
Ship Via	
FOB	
Terms	

**5 - Payment Information**

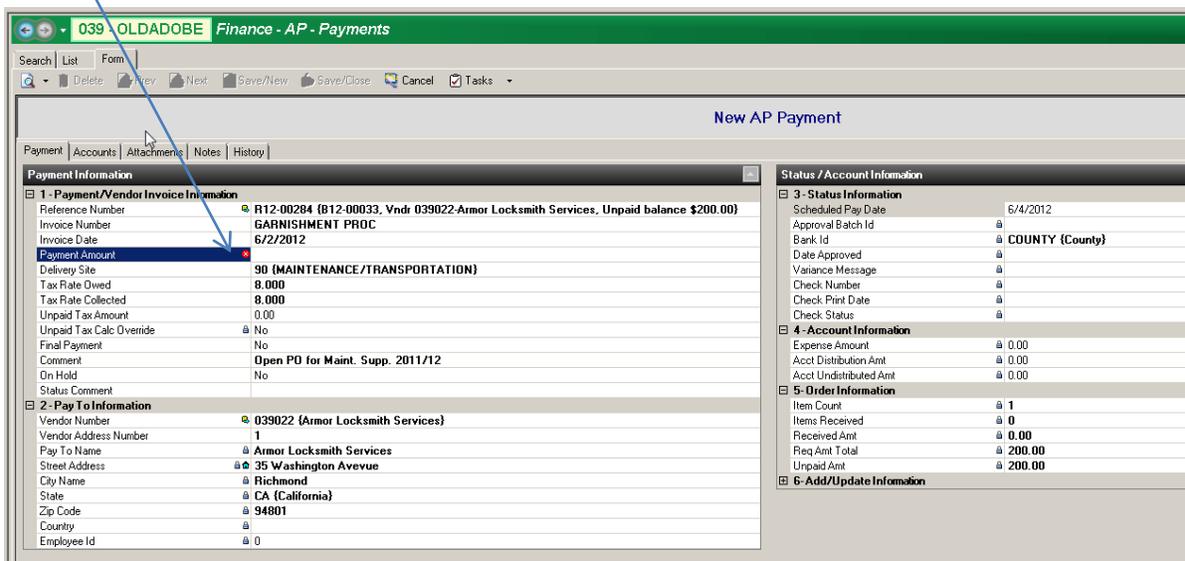
Tax on Shipping	No
W9 Required?	No
W9 Received Date	
1099 Form Box	0 (N/A)
1099	No
Garnish	Yes
Hold Payments	No

**6 - Add/Update Information**

Total Records: 1

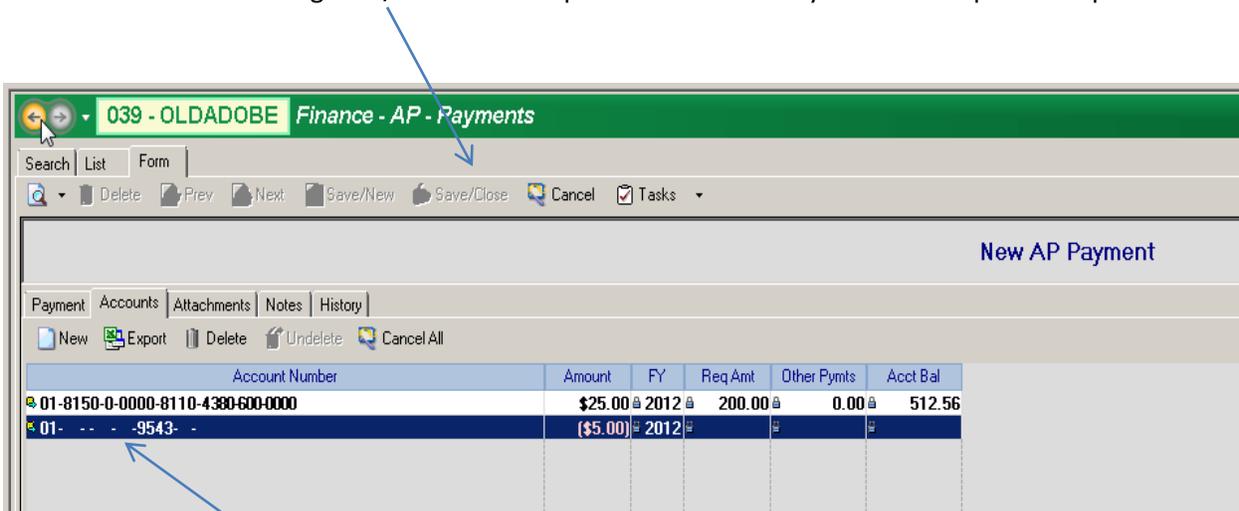
2. Calculate the amount of withholding required based on the garnishment forms your district received from the state. This calculation will be a % amount that you will need to convert to a dollar amount based on the payment amount that you will be processing through APY. In our example we had a payment request for \$25 dollars and a garnishment request for 20%. (20% of 25.00 = 5.00 garnishment)
3. Create the payment for the vendor based on the invoiced received from the vendor. For our example we are using R12-00284 in Org 39. See the screen shot on the next page. (Finance -AP-Payments)

Note that on the initial payment screen the amount is left blank.



4. Go to the accounts tab. Enter the vendor payment amount line. This line will need to be the total payment requested by the vendor. Then add the 9543 liability account line screen for the amount calculated in step 2. (25.00 x .20 = 5.00) This amount needs to be entered as a negative number to reduce the vendor payment. This is not like the use tax process where the vendor payment is not reduced.

You will not receive the big save/close at the top of the screen until you have completed step 5.



Note that it is a payroll type account structure that the system will be looking for.

Note: Many of you will not have your Department setup for requisition set to accept payments to 9XXX accounts. If this is true for you go to:

Finance-Setup-Departments-Departments

Change the Account Code Filter to include either a 9, or 9543 account code. Generally this will need to be done at the Fiscal permission level.

5. Return to the payment tab and then enter the amount of the payment that will really be cut to the vendor. (25.00 invoice amount -5.00 garnishment =20.00 vendor payment) Once the payment amount is added the Acct Undistributed Amt in Section 4 will show the 00.00 and you will have the Save/Close selection at the top of your screen.

The screenshot shows the 'New AP Payment' form with the following data:

1- Payment/Vendor Invoice Information		3- Status Information	
Reference Number	R12-00284 (B12-00033_Vndr 039022-Armor Locksmith Services, Unpaid balance \$200.00)	Scheduled Pay Date	6/4/2012
Invoice Number	GARNISHMENT PRDC	Approval Batch Id	
Invoice Date	6/22/2012	Bank Id	COUNTY (County)
Payment Amount	20.00	Date Approved	
Delivery Site	90 (MAINTENANCE/TRANSPORTATION)	Variance Message	
Tax Rate Unwed	8.000	Check Number	
Tax Rate Collected	8.000	Check Print Date	
Unpaid Tax Amount	0.00	Check Status	
Unpaid Tax Calc Override	No	4- Account Information	
Final Payment	No	Expense Amount	20.00
Comment	Open PO for Maint. Supp. 2011/12	Acct Distribution Amt	20.00
On Hold	No	Acct Undistributed Amt	0.00
Status Comment		5- Order Information	
2- Pay To Information		Item Count	1
Vendor Number	039022 (Armor Locksmith Services)	Items Received	0
Vendor Address Number	1	Received Amt	0.00
Pay To Name	Armor Locksmith Services	Req Amt Total	200.00
Street Address	35 Washington Avenue	Unpaid Amt	200.00
City Name	Richmond	6- Add/Update Information	
State	CA (California)		
Zip Code	94801		
Country			
Employee Id	0		

6. Process the payment as any other vendor payment. In our example when the payment is processed the amounts will distributed as follows:

SIT Withheld (9543)	-5.00
Expense account	25.00
Vendor	20.00

7. You will need to process an APY payment from the 9543 to the State of California Franchise Tax Board for the withholding. The paperwork from the State will have an account or case number to reference the payment to. The 9543 account should be cleared monthly.

### Response Requested

I realize this is a lot of work. Many of you have decided to just not use vendors for whom you have received garnishment paperwork for. However there are a few things coming from Escape that might make you want to proceed with the process above.

Escape does have CR 7463 that would provide the APY user with a warning when entering a payment for a vendor has been flagged for garnishment. This CR would help control the need for the APY person to have to keep checking if the vendor had been flagged not. Right now this probably would not be an issue but it could be as more and more vendors get flagged for tax withholding.

In addition Escape is creating another CR that would change the garnishment process to allow the AP person to select the percent withholding required and the system calculate the deduction and the amount of the reduced vendor payment.

These changes have not yet been assigned to an Escape release. Would these CR's be something you would want us to rank highly or are there other changes you would deem more important?