Vendor Onboarding Checklist

Tax Ready Bookkeeping™

Purpose: Ensure every vendor is properly onboarded before first payment to maintain 1099 compliance, prevent fraud, and establish clear working relationships.

Estimated Time: 10-15 minutes per vendor | **Timeline:** Complete before first payment

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Why This Matters

Without Proper Onboarding	With Proper Onboarding
Missing W-9s at year-end	W-9 collected upfront
$60-$310 IRS penalty per missing 1099	Compliant 1099 filing
Fraud vulnerability	Verified vendor identity
Payment delays from missing info	Smooth payment processing
Year-end scramble	January is stress-free

Phase 1: Initial Request (Day 0)

Contact Information to Collect

- ☐ Vendor legal name (as it will appear on 1099)
- ☐ DBA / Trade name (if different)
- ☐ Primary contact name and title
- ☐ Phone number
- ☐ Email address
- ☐ Physical address (not just P.O. Box)
- ☐ Website (optional but useful for verification)

Documents to Request

- ☐ **W-9 Form** - Request completion within 5 business days
- ☐ **Certificate of Insurance** (if applicable - contractors, vendors on-site)
- ☐ **Banking Information** for ACH payments:
  - Bank name
  - Routing number (9 digits)
  - Account number
  - Account type (checking/savings)

Send Request Using This Template

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Subject: Vendor Setup - [Your Company Name] - Action Required

Hi [Contact Name],
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Welcome! We're excited to work with [Vendor Name].

Before we can process your first invoice, we need the following:

1. Completed W-9 form (blank attached, or use your own)
2. Preferred payment method:
   [ ] Check (mailed to address on W-9)
   [ ] ACH Direct Deposit (provide bank details below)

If ACH:
- Bank Name: ________________
- Routing Number: ________________
- Account Number: ________________
- Account Type: [ ] Checking [ ] Savings

Please return within 5 business days to: [Your AP Email]

Questions? Contact [Your Name] at [Phone/Email].

Thank you,
[Your Name]
[Your Company]
```

Phase 2: Document Review (Days 1-5)

W-9 Verification Checklist

- ☐ **Name matches** invoices/contracts/proposals
- ☐ **Address is complete** (street, city, state, ZIP)
- ☐ **Tax ID provided** (EIN preferred; SSN for sole proprietors)
- ☐ **Federal tax classification** is checked:
  - ☐ Individual/sole proprietor
  - ☐ C Corporation
  - ☐ S Corporation
  - ☐ Partnership
  - ☐ LLC (check classification)
  - ☐ Other
- ☐ **Signature and date** present
- ☐ **Form is current** (check IRS revision date - currently Rev. October 2018)

Determine 1099 Requirement

Vendor Type	1099-NEC Required?	Notes
Individual/Sole Proprietor	**YES** if >=$600	Most common
Partnership	**YES** if >=$600	
LLC (disregarded/partnership)	**YES** if >=$600	

Vendor Type	1099-NEC Required?	Notes
LLC (S-Corp or C-Corp election)	Usually NO	Check box on W-9
S Corporation	Usually NO	Exception: legal fees
C Corporation	Usually NO	Exception: legal fees, medical
Attorney/Legal Services	**YES** if >=$600	Regardless of entity type

Banking Information Review (if ACH)

- ☐ Routing number is 9 digits
- ☐ Account number provided
- ☐ Bank name matches known institution
- ☐ Account type confirmed

Phase 3: Verification (Days 5-7)

Identity Verification

- ☐ **Search vendor online** - Does website match provided info?
- ☐ **Verify phone number** - Call to confirm contact works
- ☐ **Check address** - Google Maps shows legitimate business location
- ☐ **Review any contracts/proposals** - Names and info consistent

Optional TIN Verification (Recommended for vendors >$5,000/year)

- ☐ Run TIN Match through IRS e-Services or third-party service
- ☐ Document verification date and result
- ☐ If mismatch, contact vendor to resolve before first payment

Red Flags - STOP if Any Apply

Red Flag	Risk	Action
W-9 name doesn't match invoice name	Identity fraud	Request clarification
P.O. Box only, no physical address	Shell company	Request physical address
Pressure to pay before documents complete	Fraud	Do not pay until resolved
Recently changed bank/address (existing vendor)	Account takeover	Verify change via known contact
Email domain doesn't match company	Phishing/fraud	Verify via phone
Reluctance to provide W-9	Non-compliance	Consider alternative vendor

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Phase 4: Enter in QuickBooks Online (Day 7)

Required QBO Fields

Field	Where to Enter	Example
Display Name	Vendor name field	"ABC Consulting"
Company	Company field	Legal name from W-9
Email	Email field	ap@abcconsulting.com
Phone	Phone field	(555) 123-4567
Billing Address	Address block	Full address from W-9

Tax Settings (Critical for 1099)

Setting	Value	Notes
Track payments for 1099	[X] ON	If 1099 required (see table above)
Tax ID	Enter EIN/SSN	From W-9
Default expense account	Select	Primary expense category

Custom Fields (If Configured)

Field	Value
Vendor Status	Active
W-9 Date	[Date received]
W-9 Verified	Yes
Payment Method	Check / ACH
Insurance Expiration	[Date if applicable]

Attachments to Add

- ☐ W-9 form (PDF)
- ☐ ACH authorization form (if applicable)
- ☐ Certificate of Insurance (if applicable)
- ☐ Signed contract/agreement (if applicable)

Phase 5: Confirmation (Day 7)

Confirm Setup Complete

- ☐ Vendor appears in QBO vendor list
- ☐ All required fields populated
- ☐ Attachments uploaded
- ☐ Test: Can create a bill for this vendor

Send Confirmation to Vendor

```
Subject: Vendor Setup Complete - [Your Company Name]

Hi [Contact Name],

You're now set up as an approved vendor in our system.

On File:
[X] W-9 / Tax Information
[X] Payment Method: [Check / ACH]
[X] Contact Information

Invoice Submission:
- Email invoices to: [Your AP Email]
- Include: PO number (if provided), description of services, dates
- Payment terms: [Net 30 / your terms]

Important: If your address, bank account, or contact info changes,
please notify us immediately at [Your Email].

Thank you for your partnership.

[Your Name]
[Your Company]
```

Annual Maintenance

December Audit (Before Year-End)

- ☐ Run QBO report: Vendors with 1099 tracking enabled
- ☐ Identify vendors paid >=$600 missing W-9 or address
- ☐ Send collection reminders (use template below)
- ☐ Verify TINs for new vendors added this year
- ☐ Update expired insurance certificates

W-9 Collection Reminder Template

```
Subject: W-9 Required for 1099 Filing - Action Needed by Dec 20

Hi [Contact],

Our records show we're missing your W-9. We need this to file
your 1099-NEC by the IRS deadline of January 31.

Please complete and return the attached W-9 by December 20.

If we've paid you $600 or more this year and don't receive
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your W-9, we may be required to withhold 24% backup
withholding on future payments.

Questions? Contact [Your Name] at [Email].

Thank you,
[Your AP Team]
```

January Tasks (Before January 31 Deadline)

- ☐ Generate 1099-NEC forms in QBO
- ☐ Review each form for accuracy
- ☐ E-file with IRS (or mail if <250 forms)
- ☐ Mail/deliver copies to vendors
- ☐ File state copies if required

Quick Reference: 1099-NEC Deadlines

Task	Deadline
W-9 collection complete	December 31
1099s to vendors	January 31
1099s to IRS (e-file)	January 31
1099s to IRS (paper)	January 31

Note: There is NO extension for 1099-NEC. January 31 is firm.

Notes

→ Download Excel tracker at projectbits.com/taxready/ch2

→ More resources at projectbits.com/taxready/book

Based on IRS requirements and vendor management best practices Template Version: 2.0 | December 2024

Sources & References

- IRS Form W-9 Instructions
- 1099-NEC Filing Requirements
- Vendor Onboarding Best Practices