



Business & Finance Procedures

Payment to Research Subjects for Participation

1.0 Purpose

To provide documentation and reporting guidance to University faculty and staff involved in requesting and processing payments made to individuals/human subjects participating in research studies.

2.0 Background and Policy

Payments made to individuals for research participation are considered taxable payments for services and subject to IRS income reporting requirements. The University must report to the IRS all payments made to any individual in any single calendar year that amount to \$600 or more. Such payments must also be reported the recipient on IRS Form 1099-MISC (for U.S. citizens and permanent residents). For non-resident aliens, the University is required to report any payments (regardless of amount) using IRS Form 1042-S.

This policy requires the responsible PI to report payments made to any individual that total \$300 in any single calendar year to the Controller's Office. This reporting threshold contemplates the possibility that an individual may participate in more than one research study at the University or otherwise receive other University payments (regardless of the source) in the same calendar year that in total, would amount to \$600 or more and require the University to issue a Form 1099-MISC or Form 1042-S.

The PI is responsible for recording and tracking all payments to individuals throughout the course of the year. All such payments must be supported by complete and accurate supporting documentation, including the participant's name, address, telephone number, citizenship and signature. SSN's are not required to be requested or retained for individual research subjects receiving payments below the \$300 per calendar year threshold or in limited instances in which the protocol makes the collection of this information impractical, such as an anonymous survey. SSN's are required only for the completion of IRS Form W-9 (or W-8BEN) forms for tax reporting when the \$300 payment threshold is reached.

3.0 Responsibility

Controller's Office: For any single calendar year, the Controller's Office is responsible for and required to report to the IRS and to the recipients all payments made to individuals of \$600 (any amount for non-resident aliens) or more.

Principal Investigator (PI): Obtaining and keeping adequate records for audit and accounting purposes to support the use of funds. Furthermore, if any research subject receives payments of \$300 or more in any single calendar year from the research study, the PI shall collect information (IRS Form W-9 or W-8BEN) and remit to the Controller's Office by December 31 of the applicable year in which payments were made.

4.0 Procedures

As noted above, the PI responsible for maintaining a record of all payments made to research subjects. This may take the form of a manual disbursement log, spreadsheet, etc. This record should be reviewed periodically by the PI throughout the year to identify whether or not the \$300 threshold has been met for any one individual, as well as to ensure that supporting documentation (name, citizenship status, address, telephone number, amount paid and signature) are maintained for all payments. SSN information should not be retained at the department level for any reason. At the time that the study subject is about to receive a payment that would reach the \$300 limit for the calendar year, a W-9 or W-8BEN (non-US citizens) should be completed and immediately forwarded to the Controller's Office for retention. No copy of these forms should be retained by the department.

Given the fact that the University may be required to take immediate withholding from payments made to non-resident alien research subjects, the PI must notify the Controller's Office of **all payments made to non-resident aliens**. This is to be accomplished through clearly noting "NRA" or "Non-US citizen" on the Disbursement Order (DO) submitted to the Controller's Office to request payment. The amount withheld is typically 30%, but can vary depending on the research subject's country of citizenship. Please take this into consideration at the time payment terms are communicated to the research subject.