

## Policy and Procedure: 103-Payments to Research Participants

Date: July 1, 2013

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### PURPOSE

The purpose of this policy and the following procedures is to outline the payment mechanisms that can be used to make payments to human subjects participating in research studies and to determine when gathering of research participant tax information is required.

### POLICY

The University of Wisconsin (UW) often conducts research projects that involve the use of research participants. The propriety of any payment to a research participant in a human subject research protocol will be determined by the UW's Institutional Review Boards (IRB's), and the related protocol must be approved or determined to be exempt by the appropriate IRB before the study is conducted. Payment methods may include checks or cash depending on specifics of individual studies and the dollar amounts to be paid.

UW-Madison staff members have been trained to handle protected health information confidentially in accordance with the 2003 Health Insurance Portability and Accountability Act (HIPAA). Applicable regulations will be followed based on the facts and circumstance of each study.

Payments to research participants must be reported every calendar year in accordance with the Internal Revenue Code (IRC) to the individual in Box 3 of the Internal Revenue Service (IRS) form 1099-MISC (Miscellaneous Income). Information required includes the research participant's name, mailing address, and Taxpayer Identification Number (TIN) which can be their Social Security Number (SSN) or their Individual Taxpayer Identification Number (ITIN). Annually, at the end of the calendar year in which a payment is made, Accounting Services will report payments received by research participants to the IRS as required by the IRC and a form 1099-MISC (Miscellaneous Income) will be sent to the research participant.

#### **De minimis Research Participant Payments:**

- Effective July 1, 2013, individual payment amounts of under \$250 (\$249 or less) are considered by UW Madison to be de minimis in nature.
- For de minimis payments of under \$250, departments are encouraged; but not required, to obtain a Taxpayer Identification Number (TIN) from the research participant, to the extent that collection of this information is consistent with the confidentiality protections provided to the research participant accepted by the reviewing IRB.
- If the research coordinator is aware that the research participant will be getting multiple de minimis payments of under \$250 that will cause the recipient to exceed the IRS limit of \$600, then it is the researcher's responsibility to obtain the required taxpayer identification information and a W-9 from the recipient.
- De minimis payments of under \$250 only applies to research participant payments and does not apply to other payments made by the University. For payments other than research participant payments there is no de minimis payment of \$250 limit and a TIN and W-9 are to be obtained from the recipient.
- De minimis payments of under \$250 do not apply to Nonresident Aliens (NRA) under any circumstances. See [Eligible Research Participants](#) section of this policy below.
- A researcher may request an exception to this policy from the Assistant Vice Chancellor for Business Services, which if approved, would allow the researcher to pay a research participant an amount greater than the de minimis payment amount without collecting TIN's for individual research studies. Exceptions will be granted, on a case-by-case basis, based on the facts and circumstances of the individual study.

#### **Eligible Research Participants (Who does this Policy and Payment Procedure apply to?)**

- **U.S. Persons (Citizens, Permanent Residents-Both Employees and Non-Employees)** – This policy and payment procedure, applies to all U.S. Persons (Citizens, U.S. Resident Aliens). UW employees are treated the same as non-UW employees when participating as research participants. Per the IRS, research participant payments are not considered wages and therefore, payments to UW employees are not required to be processed through the Human Resource System (HRS) (Payroll).

- **Nonresident Alien (NRA)** – This policy and payment procedure applies to NRA’s, but the payment method for NRA is restricted to only [Payment to Individual Report \(PIR\)](#) due to the immigration and taxation documentation associated with payments to NRA’s as imposed by Homeland Security and the Internal Revenue Service (IRS). Please see below for restrictions relating to NRA’s:
  1. All payments to NRA’s must be processed through a [Payment to Individual Report \(PIR\)](#) regardless of the dollar amount. Please follow the Payment to Individual Report (PIR) procedures, attaching all required documentation as outlined in the [Non-Payroll Payments Flowchart](#).
  2. The de minimis payment of under \$250 section of this policy does not apply to NRA’s.

## PAYMENT PROCEDURES

Payments to research participants are to be processed using the methods listed below only. Employees will not be reimbursed if research participant payments to study participants are paid using a Purchasing Card (P-Card), University Personal Liability Credit Card, Personal Credit Card, or personal funds.

### Payment Mechanisms

#### **(1) Payments of under \$250 (\$249 or less) (de minimis payment amount)**

Custodian Funds and [Payment to Individual Report \(PIR\)](#) may be used to make de minimis payments of under \$250. To the extent consistent with the confidentiality protections provided to the research participant in the approved protocol departments are encouraged; but not required, to obtain a TIN from the research participant when de minimis payments are made. Obtaining TIN’s from the research participants must be consistent with approved confidentiality as per IRB approved study protocols.

##### **a) Custodian Funds**

The Custodian (Principal Investigator) can make payments directly to research participant via check, cash, or gift cards. Follow the [Custodian Funds Policy](#) for all payments from replenishable or temporary custodian funds. The Custodian is personally responsible for determining the amount of the advance and complying with [Taxation and Identification Requirements](#).

[Research Participant Recipient Log](#) must be completed for all payments. A copy of the log must be attached to the [Custodian Fund Accounting Form](#) to account for the distribution of custodian funds. The completed log must contain the following information for each participating recipient:

- 1) Amount Paid to Each Recipient
- 2) Name or Recipient Identifier
- 3) Date Received by Recipient
- 4) Check number or Gift Card Identifier
- 5) Signature or Initials of Each Recipient

##### **b) Payment to Individual Report (PIR)**

Payments of any amount can be processed on a [Payment to Individual Report \(PIR\)](#). A check is issued directly to the research participant. Follow the [Policy and Procedure: 101-Payments to Individuals](#) and the [Tax Compliance and Reporting for Research Participant Payments](#) section below.

#### **(2) Payments of \$250 or more**

All payments of \$250 or more must be processed on a [Payment to Individual Report \(PIR\)](#). A check is issued directly to the research participant. Follow the [Policy and Procedure: 101-Payments to Individuals](#) and the [Tax Compliance and Reporting for Research Participant Payments](#) section below.

### **Tax Compliance and Reporting for Research Participant Payments**

Under the Internal Revenue Code (IRC), payments to research participants must be reported every calendar year to the individual in Box 3 of the Internal Revenue Service (IRS) form 1099-MISC (Miscellaneous Income). The information required for research participant payments include the research participant’s name, mailing address, and Taxpayer Identification Number (TIN) which can be their Social Security Number (SSN) or their Individual Taxpayer Identification Number (ITIN). Accounting Services will report

payments received by research participants to the IRS as required by the IRC, and a form 1099-MISC (Miscellaneous Income) will be sent to the research participant at the end of each calendar year in which a payment is made.

Per the Internal Revenue Service regulations, information on participants in research studies must be obtained for tax reporting purposes. Researchers and Dean/Director's or their designees are responsible for monitoring the dollar amounts and frequency of research participant payments to ensure tax compliance.

Effective July 1, 2013, individual payment amounts of \$249 or less are considered by UW Madison to be de minimis in nature. For de minimis payments, departments are encouraged, but not required, to obtain a Taxpayer Identification Number (TIN) from the research participant. De minimis only applies to research participant payments and does not apply to other payments made by the UW. For payments other than research participant payments made by the University no de minimis amounts apply.

The informed consent and any applicable HIPAA documents required for use in a research study do not need to describe the collection of information from research participants when that information is solely used to process study payment. Instead study teams are recommended to have research subjects complete a form, which should be maintained separately from research records, to obtain relevant information that also alerts the participant that the payment will be reported by the UW to the IRS.

## EXCEPTION PROCESS

Exceptions to the de minimis section of this policy may be granted based on the facts and circumstances of the research participant study. The Assistant Vice Chancellor for Business Services is responsible for granting exceptions subsequent to receiving the following information for the particular research participant study under consideration:

- (1) The researcher must demonstrate, in writing, that the collection of Taxpayer Identification Numbers (TIN)'s will jeopardize research by negatively impacting the research participant pool. This must include an explanation why disclosure of information will inhibit the project from obtaining representative samples of research participants. Confirmable and verifiable data and evidence should be provided as part of the request for exception.
- (2) Provide written justification that there is a low probability that the participant will receive \$600 or more in payments from the UW as a whole in a given calendar year.
- (3) Identify the steps the researcher will implement at the research project level in order to ensure compliance with #2 above. For example:
  - Develop a form where parties acknowledge that they are not receiving total payments from the UW in excess of the Internal Revenue Service (IRS) \$600 reporting limit. The narrative would include "The research participant understands that receipt of total payments of \$600 would require the UW to provide notification to the IRS." Total payments include, but are not limited to, payments from all UW Campuses for research participant payments, rents, services (including parts and materials), prizes and awards, and other income payments.

### Exception Request Submission:

- Upon presentation of written request for exception to the Assistant Vice Chancellor for Business Services, a review will be conducted by the Division of Business Services based on the facts and circumstances, and a written acceptance or denial of the exception request for will be issued. The Assistant Vice Chancellor for Business Services will provide the final approval or denial for exceptions to this policy.
- Exceptions will be granted for only the specific study submitted. Future studies, no matter how related or similar in nature, will require separate request for an exception to be approved by the Assistant Vice Chancellor for Business Services.