

## **Guidance for Incentive Payments to Research Participants**

Human participant incentive payments are made to compensate individuals for participation in research studies. These payments may represent taxable income to the recipient. The University also has withholding and reporting responsibilities per Internal Revenue Service (IRS) regulations in connection with these payments. IRS regulations require that individuals receiving \$600 or more from the institution during a calendar year must have the total amount of the payments reported to the IRS on Form 1099. If the participant is a nonresident alien, then taxes must be withheld from the payment and reported on a Form 1042-S.

This policy is intended to govern all payments to research participants by providing guidance to the PIs and administrators regarding classification of payment types, tax reporting requirements and the process for submitting payments.

IRB Approval must be in place for all human research studies at UD. A copy of the IRB Approval must be submitted with the check request or Personnel Action Forms (PAFs) or they will not be processed. In all instances, any unused funds must be accounted for at regular intervals according to University policies. All unused funds must be returned to the funding source within five (5) days of the end of the study.

The University acknowledges that recruiting participants for research studies is an important part of the research process. Payments to participants will vary based on the type of research performed. Therefore, the University has divided these payments into three categories (for a table summarizing these categories and their respective requirements, see Appendix A).

1. Micro payments – up to \$5.00

Due to their small amount, it is unlikely that these payments would trigger tax withholding and reporting for the recipients. Therefore, PIs are not required to obtain paperwork from participants for these payments. The PI, however, is still responsible for proper accounting of the funds spent according to University policies. Participants must be informed that the incentive received for their participation is considered taxable income by the IRS and it is the research participant's responsibility to report this income (see Appendix A for verbiage to be added to Informed Consent forms of studies involving incentives of \$5.00 or less).

2. De Minimis payments - \$5.01 - \$40.00

PIs will need to gather participant names and signatures for these payments. In addition, if UD-affiliated students or employees are among the participant pool, the researcher must collect UD ID numbers from these participants. NOTE: The researcher must include information about the incentive on the informed consent document, including (1) notify recruits that they will need to sign for receipt of the incentive, (2) if they are

affiliated with UD, that they will need to provide their ID number, and (3) if receipt of this incentive brings their TOTAL income from UD to \$299 this calendar year, they are not eligible to receive direct payment (i.e., payment must be handled through the PAF process). The researcher must review participant information from their studies annually to identify any participants who might exceed the reporting and withholding threshold of \$299 in this calendar year. Information on participants who exceed the threshold must be sent to the Controller's Office and the Tax Manager's Office by December 1<sup>st</sup> of each year. The PI, however, is still responsible for proper accounting of the funds spent according to University policies. (See Appendix A for verbiage to be added to Informed Consent forms of studies involving incentives of \$5.00 or less).

3. Standard payments – over \$40.00

PIs will need to gather and submit documentation for these participants prior to payment. Payments will be processed through Payroll or Accounts Payable. Taxes will be withheld and the payment reported on the appropriate IRS Form. The PI, however, is still responsible for proper accounting of the funds spent according to University policies.

The following instructions will assist the PI in gathering the necessary information for payment processing.

To identify and mitigate any *future* risk posed by changes in the nature of research studies at UD, these procedures will be reviewed after the first year and adjusted as necessary. Subsequent reviews will take place every two years. The IRB can also provide an annual report to the Controller's office that lists all active studies that use incentives, including the amount of incentive provided to each participant and the size of participant pool. This accounting should give an early indication if the nature of incentives is changing and that procedures should be reviewed earlier.

**Appendix A: Table summarizing incentive categories and their respective requirements**

	<b>\$0.00 - \$5.00</b>	<b>\$5.01 - \$40.00</b>	<b>\$40.01+</b>
<b>Participants unaffiliated with UD</b>	Verbiage from Appendix B to be added to Consent Form	Verbiage from Appendix C to be added to Consent Form	Instructions in Appendix E, Verbiage from Appendix D to be added to Consent Form, form F to be completed, form W-9 to be completed
<b>UD students who will earn less than \$299 in income from UD this calendar year</b>	Verbiage from Appendix B to be added to Consent Form	Verbiage from Appendix C to be added to Consent Form	Instructions in Appendix E, Verbiage from Appendix D to be added to Consent Form, Form F to be completed, submit PAF
<b>UD employees (including students earning more than \$299 in income from UD this calendar year)</b>	Verbiage from Appendix B to be added to Consent Form	Verbiage from Appendix C to be added to Consent Form and submit PAF	Instructions in Appendix E, Verbiage from Appendix D to be added to Consent Form, Form F to be completed, submit PAF
<b>Foreign Nationals</b>	Verbiage from Appendix B to be added to Consent Form	Verbiage from Appendix C to be added to Consent Form	Instructions in Appendix E, Verbiage from Appendix D to be added to Consent Form, Form F to be completed, complete W-8BEN

**Appendix B: Addendum to Informed Consent Templates used at UD (FOR INCENTIVES VALUED AT \$5.00 OR LESS).**

All informed consent documents (which are reviewed by the IRB for every study) will include a notice that the incentive received for their participation is considered taxable income by the IRS and it is the research participant's responsibility to report this income. The following verbiage will appear on all informed consent documents used in studies offering research incentive payments of \$5.00 or less.

*(Include either section below only if offering incentives to participants)*

**For use in studies where documentation of consent is not waived and the incentive is \$5.00 or less:**

By signing below, I acknowledge that I understand that incentive payment I receive for participating in this research study is taxable income and it is my responsibility to report it to the IRS as required by federal law.

Name of Participant (please print) \_\_\_\_\_

Address \_\_\_\_\_

*Signature of Participant* \_\_\_\_\_ *Date* \_\_\_\_\_

**For use only in anonymous studies where documentation of consent is waived and the incentive is \$5.00 or less:**

By proceeding to the next page/screen, I acknowledge that I understand that incentive payment I receive for participating in this research study is taxable income and it is my responsibility to report it to the IRS as required by federal law.

**Appendix C: Addendum to Informed Consent Templates used at UD (FOR INCENTIVES VALUED AT MORE THAN \$5.01 AND UP TO \$40.00).**

All informed consent documents (which are reviewed by the IRB for every study) will include a notice that the incentive received for their participation is considered taxable income by the IRS and it is the research participant’s responsibility to report this income. The following verbiage will appear on all informed consent documents used in studies offering research incentive payments valued at more than \$5.01 and up to \$40.00.

*(Include the section below only if offering incentives to participants)*

<b>RESEARCH INCENTIVES ARE TAXABLE INCOME</b>
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The Research Participant must check one of the boxes below:

- I have NOT been employed by the University of Dayton during this calendar year.
- I am employed by the University of Dayton, but I have NOT earned more than \$299 in income from the University of Dayton this calendar year (provide your UD ID# below).
- I am employed by the University of Dayton, and have earned more than \$299 in income from the University of Dayton this calendar year (provide your UD ID# below).

If you have earned more than \$299 in income from the University of Dayton this calendar year, **you are not eligible to receive the incentive for participating in this study unless the researcher completes a PAF and submits it for processing. You may not receive the incentive directly from the researcher.**

By signing below, I acknowledge that I understand that incentive payment I receive for participating in this research study is taxable income and it is my responsibility to report it to the IRS as required by federal law.

Name of Participant (please print) \_\_\_\_\_

Address \_\_\_\_\_

UD ID# (if applicable) \_\_\_\_\_

*Signature of Participant* \_\_\_\_\_ *Date* \_\_\_\_\_

**Appendix D: Addendum to Informed Consent Templates used at UD (FOR INCENTIVES VALUED AT MORE THAN \$40.00).**

All informed consent documents (which are reviewed by the IRB for every study) will include a notice that the incentive received for their participation is considered taxable income by the IRS and it is the research participant's responsibility to report this income. The following verbiage will appear on all informed consent documents used in studies offering research incentive payments over \$40.00.

*(Include the section below only if offering incentives to participants)*

<b>RESEARCH INCENTIVES ARE TAXABLE INCOME</b>
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By signing below, I acknowledge that I understand that incentive payment I receive for participating in this research study is taxable income and it is my responsibility to report it to the IRS as required by federal law.

Name of Participant (please print) \_\_\_\_\_

Address \_\_\_\_\_

*Signature of Participant* \_\_\_\_\_ *Date* \_\_\_\_\_

## **Appendix E: Instructions / Process for Processing Incentives over \$40.00:**

1. Primary Investigator obtains IRB approval for the study.
2. Research participants must complete the form “Human Research Participant Information Form” (see next page: Appendix D). It is important that the Primary Investigator (PI) protect the identity of the research participants by providing an area in which participants can complete the necessary forms in relative privacy. Further, the PI should exercise measures to protect this sensitive information to preparation of the correct forms for payment processing.
3. Research participants must complete IRS Form W-9 (for U.S. Citizens and Permanent Residents) or Form W-8BEN (Nonresident Aliens). No payment will be issued without a properly completed form. All IRS forms can be obtained at <http://apps.irs.gov/app/picklist/list/formsInstructions.html>.
4. The participants should attach their W-9 or W-8BEN to their “Human Research Participant Information Form.”
5. The PI separates forms for persons who are not UD employees from those who are current and calendar year UD employees. The PI prepares paper PAFs for participants who are current and calendar year UD employees.
6. PAFs for payments to current and calendar year UD employees, their Human Participant Information Forms, Forms W-9 or W-8BEN and a copy of IRB approval shall be sent directly to Human Resources. PAFs for student employees shall be sent to Student Employment, not HR. NOTE: If the PI deems that the study title, which appears in the IRB approval document, reveals too much about the study and might compromise the privacy of the participant, the PI may request an approval document from the IRB with the title information redacted.
7. The PI prepares Check Requests for payments to persons who are not current UD employees and have not been employed by UD during the calendar year. These Check Requests, their Human Participant Information Forms, Forms W-9 or W-8BEN and a copy of IRB approval shall be sent to Purchasing per Check Request procedures. If the person is a nonresident alien, the check request, Human Participant Information Form and w-8BEN shall be sent to the Tax Manager. Taxes will be withheld from these payments at the appropriate, established IRS rate. The check request will then be sent to Purchasing for processing.

**Appendix F: University of Dayton Human Research Participant Information Form (FOR INCENTIVES VALUED OVER \$40.00)**

This information is being collected for purposes of processing payments to research participants. This information will be kept separate from your survey responses and will not be shared with anyone except as necessary to process the payment.

1. Name: \_\_\_\_\_

2. Amount of Payment: \_\_\_\_\_

3. Permanent Address:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

4. Address to which payment should be mailed: (or where/how payment should be directed)

\_\_\_\_\_

\_\_\_\_\_

5. Are you a UD Student? Yes \_\_\_\_\_ UD ID # \_\_\_\_\_

No \_\_\_\_\_

6. Are you a current UD Employee? Yes \_\_\_\_\_ (Complete PAF – Proceed to Signature)

UD ID # \_\_\_\_\_ No \_\_\_\_\_ (Proceed to Question 7)

7. If you are not a current UD employee, were you a UD employee during the current calendar year? (Example: You worked as a student worker from January 1 – April 30, 2014. If today is September 5, 2014, you would answer “yes”).

Yes \_\_\_\_\_ (Complete PAF – Proceed to Signature)

No \_\_\_\_\_ (Proceed to Question 8)

8. What is your citizenship?

U.S. Citizen \_\_\_\_\_ (Proceed to Question 9)

Permanent Resident/Green Card Holder \_\_\_\_\_ (Proceed to Question 9)

Nonresident Alien \_\_\_\_\_ (Proceed to Question 10)

9. Research participants who are **U.S. Citizens or Permanent Residents must complete IRS Form W-9**, Request for Taxpayer Identification Number. Permanent Residents must also submit a copy of Permanent Resident or Resident Alien card, or copy of the I-551 Stamp printed on passport. See: <http://www.irs.gov/pub/irs-pdf/fw9.pdf>
  
10. **Nonresident Aliens must complete form W-8BEN**. Payments are taxable and reportable income and will have the appropriate taxes withheld from the payment. The W-8BEN is available at: <http://www.irs.gov/pub/irs-pdf/fw8ben.pdf>

By signing below, I verify that I have answered these questions truthfully.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_