Guidance: Payment of Incentives/Compensation to Research Participants (Human Subjects)

PURPOSE

To provide guidance for the payment of incentives to human subjects participating in research projects, and to determine when the gathering of research participant tax information is required.

GUIDANCE

Researchers at the University of New Hampshire (UNH) often conduct research projects involving the use of research participants. To encourage participation in UNH research projects, the investigator(s) may offer and pay an incentive or compensation to research participants per this guidance.

Prior to conducting research and paying an incentive or compensation to research participants, the appropriateness of an incentive payment or level of compensation to a research participant in a human subject research protocol will be determined by the University's Institutional Review Board (IRB) for the Protection of Human Subjects in Research.

The amount and form of incentives or compensation should be identified in the proposed research project budget and are subject to the limits detailed in grant and contract guidelines.

DEFINITIONS

Institutional Review Board

The UNH IRB is responsible for protecting the rights and welfare of human subjects participating in research projects. The IRB acts according to policies set forth by the United States Department of Health and Human Services Public Health Service Act as amended (Title 45 CFR 46). The IRB should review and approve both the amounts and methods of incentives or compensation to ensure they are not coercive, or do not present undue influence to participate or to continue participation.

Research

Refers to a systematic investigation designed to develop or contribute to generalized knowledge. It is understood that such research will be disseminated by publication or in a public or professional forum.

Human Subjects

A volunteer participant in a research study is known as a human subject. Federal regulations define human subjects as living individuals from whom a researcher obtains
either identifiable private information or data through intervention and/or interaction with the individuals.

**Non-Resident Aliens (NRAs)**

An individual who is a citizen of any country other than the United States is a non-resident alien (NRA). These individuals are treated differently for tax purposes than US tax residents.

**United States (US) Tax Resident**

A person who is subject to US tax reporting rules. US tax residents include:

- **US citizens**
- **Permanent residents:** persons who are allowed to reside indefinitely within a country of which they are not citizens. For tax purposes, permanent residents are subjected to the same rules that apply to US citizens and are taxed on their worldwide income
- **Resident aliens for US tax purposes:** Defined by the Internal Revenue Service (IRS) as foreign nationals who satisfy the substantial presence test. These individuals are taxed under the same rules that apply to US citizens and are taxed on their worldwide income

**Principal Investigator (PI)/Researcher**

For purposes of this policy, the principal investigator (PI) or the researcher is the person in charge of conducting a research study with human subjects as participants.

**INCENTIVE or COMPENSATION PAYMENTS**

1. **Human Subjects should be compensated in accordance with federal tax reporting requirements.** Per USNH Financial and Administrative Procedure 08-008, payments of less than $200 by cash, gift card, or in-kind items, do not require collection of a participant's SSN/ITIN (see exception in section 3A below); however, all payments of $200 or more, must be made by check. The requirements are summarized below.

   **A. Scenario A: Less than $200 paid to any participant** (includes UNH employees, see 3b for more information).

   a. If the individual is a U.S. tax resident, can be paid by cash, gift card, or in-kind items like books or DVDs; collect participant’s full legal name only.

   b. If the individual is a foreign national, can be paid by cash, gift card or in-kind items like books or DVDs; collect full legal name, SSN/ITIN (or HUID), permanent address, mailing address (if different) and FNIF. All payments to non-employee
foreign nationals must be reported to USNH Disbursement Services by December 31st because there is no minimum threshold for reporting.

B. **Scenario B: $200 or more paid to a U.S. tax resident.**
   a. Check payments must be made via USNH Disbursement Services (Accounts Payable for non-employees or Payroll for employees); collect full legal name, SSN/ITIN (or HUID), permanent address and mailing address (if different).
   b. Recipient will need to be set up as a vendor in Banner, if not already set up.

C. **Scenario C: $200 or more paid to a non-employee foreign national.**
   a. **Must** be paid by Accounts Payable check; collect full legal name, SSN/ITIN (or HUID), permanent address, mailing address (if different) and **FNIF** and submit check request to USNH Disbursement Services.
   b. Recipient will need to be set up as a vendor in Banner, if not already set up.

D. With the exception of University employees, payments to non-employees of any amount can always be made by Accounts Payable check, if desired.
   a. Collect full legal name, SSN/ITIN (or HUID), permanent address and mailing address (if different) and **FNIF** (if foreign national) and submit check request to USNH Disbursement Services.
   b. Recipient will need to be set up as a vendor in Banner, if not already set up.

2. **Use an appropriate payment mechanism**
   A. Check payments must be made via USNH Disbursement Services (Accounts Payable for non-employees or Payroll for employees).
   B. Gift cards and in kind items (books, DVDs) can be purchased via P-Card with prior approval.
   C. Use of personal funds with reimbursement is strongly discouraged.

3. **Special situation.** Payments to any non-employee U.S. tax resident totaling $600 or more in a calendar year.
   A. To satisfy USNH’s Form 1099 reporting obligations, if a PI reasonably expects that aggregate payments to a non-employee U.S. tax resident will equal or exceed $600 in a calendar year (for example, when the participant is expected to receive twelve separate $50 gift cards over the course of a year-long study), the PI or designee must follow the steps in Section 1, Scenario B above (for U.S. citizens, permanent residents and resident aliens) and must collect an SSN or ITIN. This information must be
provided to USNH Disbursement Services along with the total payments by December 31st.

B. Payments over $200 to UNH employees:
   a. It is generally assumed that employees who are research participants will perform services that are substantially unrelated to their regular job. In this case, per the IRS, incentive payments are not considered wages and should not be processed through Payroll.

   b. In the unusual situation that the services a UNH employee performs are in fact substantially similar to his or her regular job, the human subject payment must be paid as additional pay through the University's payroll system.

C. Reimbursements for actual travel expenses (e.g., parking, mileage, or tolls) to human subjects are not considered compensation by the University or the IRS and can be processed on a Non-Employee or Employee Reimbursement.

D. Payment/reimbursements of minor (under 18 years old) subjects can be made directly to the parent of the minor.

E. If allowable under the terms of the grant or other source of funds, incentives can also take the form of being entered in a drawing. If using a drawing, researchers should ensure that there is a fair method of selecting winners and that the consent document includes a description of the possible prizes and pertinent information about the drawing/payment, as required by the UNH IRB, as well as a reference indicating that the value of the prizes awarded may be subject to taxation. The procedures in the University System of New Hampshire Financial Services Policy 08-008: Awards, Gifts and Prizes should be followed.

   Note: The term “drawing” rather than “lottery” or “raffle” should be used, since the latter terms imply purchase of tickets by participants.

F. If allowable under the terms of the grant or other source of funds, tangible items and objects of small value such as t-shirts, pens, key chains, and other souvenir items may be purchased and distributed to research participants. Although these items may be considered expendable, care should be taken not to over-purchase them. Principal Investigators are responsible for the safekeeping and appropriate documentation of the distribution of these items to subjects. Researchers anticipating the use of such items for subject incentive should contact the Office of
Research Integrity Services for guidance about the appropriateness of such items, prior to purchasing.

4. **Maintain required documentation.** In the event of an IRS or sponsored programs audit, it will be the joint responsibility of the PI and the related BSC to supply all required supporting documentation for human subject payments made from the PI's accounts. PIs and BSCs must securely maintain confidential study data needed to support payments to recipients.