

Financial Policy & Procedures Instructions Manual
FPI D-8-Research, Survey and Other Research Related Incentives
Last Updated 04/01/2009

I. Introduction

The University conducts research projects and surveys that involve the participation of human subjects. As an incentive to participate, individuals may receive payments in the form of cash and/or cash equivalents such as gift certificates or gift cards. When making incentive payments to individuals, the University must comply with Internal Revenue Service, Federal government regulations and sponsor guidelines. The failure to obtain the appropriate documentation as required by State and Federal guidelines may potentially subject the University to the imposition of monetary penalties and interest charges.

II. Funding Sources

Research, survey and other miscellaneous incentives in the form of cash, gift certificates or gift cards may be paid for face values not exceeding \$100. Incentives paid from 53 funds must have the approval of the Office of Sponsored Programs to insure that the payments are allowable under the terms of the agreement. Incentive payments using State appropriated fund sources must be approved in advance by the University Controller.

III. Tax Treatment of Payments

The University must report incentive payments to the IRS that total more than \$600 to an individual in one calendar year. The payments will be reported on Form 1099-MISC, Miscellaneous Income. Incentive payments in any amount are taxable income and should be reported by the recipient on his/her individual income tax return. Individuals receiving incentive payments should consult their personal tax advisor regarding the tax treatment of these payments.

Incentive payments made to employees are also subject to reporting on Form 1099-MISC as long as participation in the study is not within the scope of their employment relationship with the University. At present, no University employees have study participation within the scope of their employment. If study participation was incorporated into an employee's job duties at a future date, payments made to the employee would be reported on Form W-2, Wage and Tax Statement. The PI or person conducting the research survey should contact the University Tax

Accountant or Tax Manager to determine the proper tax treatment of payments to employees whose job duties include participation in research studies.

IV. Information Needed for Tax Reporting Purposes

The PI or person conducting the research survey is required to obtain the study participant's name, Social Security number, address and signature acknowledging receipt of funds to facilitate tax reporting of payments made. A copy of the [Participant Disbursement Log \(Click here to open the Excel file\)](#) should be attached to payment requests and sent to Accounts Payable by the PI or person conducting the research survey.

The preferred method for paying participants is with a University check initiated through the creation of an AFE (Authorization for Expenditure).

a. Non-recurring Payments Less than \$100 to Anonymous Human Subjects

In research studies using anonymous subjects, individual payments not exceeding \$100 per instance may be made in the form of cash, gift cards or gift certificates. The Principal Investigator is responsible for maintaining a list of cash, gift cards or gift certificates disbursed to participants. Total payments in the form of cash or cash equivalents such as gift cards or gift certificates to an anonymous participant may not exceed \$599 during a calendar year. When requesting payment or reimbursement from Accounts Payable for study incentives, the Principal Investigator or the person conducting the research should attach a list of the study participants who are to receive incentives to the payment document. This list should not contain any identifying information for the anonymous study participants.

The determination of whether participants may remain anonymous will be made by the IRB (Institutional Review Board) based on the study protocol submission explaining the justification and purpose for subject anonymity. Contact, the IRB at 491-1655 for further information.

b. Recurring Payments Totaling \$599 Per Year and Individual Payments Greater Than \$100

Payments with checks issued through the creation of an AFE are required when making multiple payments to a single individual totaling more than \$599 during a calendar year or when making single payments greater than \$100. Supporting documentation for the AFE must include a signed IRS Form W-9 containing the participant's name, legal address and social security number. AFEs for payments by check to nonresident aliens will be forwarded

by Accounts Payable to the Foreign Tax Administrator to determine the proper tax treatment.

c. Nominal Payments

When small payments are made (\$1 mailed with a survey form to encourage participation, e.g.) and it is not practicable or possible to collect tax reporting information, the Principal Investigator or the person conducting the research is responsible for the maintenance of a list containing the names of the individuals the survey forms were mailed to and the amount paid. The mailing list of survey recipients should be sent to Accounts Payable when requesting payment.

V. Unallowable Expenses

- a. Per OMB Circular A-21, payments to research study participants in any form for the costs of entertainment, including amusement, diversion and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.
- b. Gift certificates or gift cards may not be purchased using a University ACARD.
- c. Gift certificates, gift cards or cash may not be given as awards. See FPI D-5 (Expenses for University Promotion and Development) for information concerning allowable awards.