Policy on Payment of Research Subjects - UTDBP3036

Purpose
To provide guidance regarding appropriately compensating individuals for participation as subjects ("Participants") in IRB-approved research projects at the University of Texas at Dallas.

Effective Date
November 16, 2020

Policy Ownership
Vice President of Budget and Finance

Goals
This policy is designed to achieve the following goals:

- Ensure appropriate confidentiality regarding research participation.
- Provide timely, convenient compensation to Participants.
- Provide sufficient financial documentation for the University's records and for Internal Revenue Service reporting.
- Provide complete documentation of all compensation provided to Participants.
- Require and record appropriate controls and safeguards are satisfied before distributing compensation to Participants.
- Ensure Participant compensation amounts and total budget align with study approvals.

Roles & Responsibilities

Institutional Review Board (IRB) must review and approve:

1. All planned data collection;
2. All planned associated payment amounts; and
3. Methods of payment.

The IRB's approval ensures compensation facilitates study Participant recruitment and retention while avoiding potential coercion or undue influence.

Office of Contracts Administration (OCA) is charged with administration of the declining balance card system used by research sites to request and approve Participant payments. OCA works closely with the IRB and Office of Post-Award Management (OPAM) to ensure the following:

1. Compensation amounts and total budget align with all required study and funding approvals,
2. That all financial records and reporting meet the required standards of financial accountability, and
3. That compensation amounts are allowable on the specific sponsored program contracts and
Principal Investigator (PI) is responsible for the justification of Participant compensation in the research protocol that must be submitted, reviewed, and approved by the IRB prior to performing the research. The protocol must specify all payment amounts, total payment budget, and the proposed method and timing of disbursement of all compensation. The PI is also responsible for the accountability of each payment and total funds disbursed to Participants.

Payment Methods

Using a Pre-paid Participant Card

Preferred compensation for Participants is a declining balance card loaded by the PI (or their delegate) shortly before or at the time of participation. This method meets all of the goals for maintaining confidentiality as well as accountability and compliance. Details regarding the system, including how to set up a study, can be found at https://finance.utdallas.edu/paying-research-participants/.

Other Methods of Participant Compensation

When justified by study needs and approved by the IRB, small-value items or other methods may be used as Participant compensation. Upon IRB approval, researchers preparing to compensate Participants with such items should contact the Office of Contracts Administration for proper procedures ensuring all accountability requirements are met.

1. **Tangible Items of Small Value:** If allowable under the terms of the grant or other source of funds and approved by the IRB, tangible items and objects of small value such as t-shirts, pens, key chains, and other souvenir items may be purchased and distributed to 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 Participants. Such tangible items in the aggregate of $100 or less if received on an infrequent basis will not be taxable income to the Participant under the IRS de minimis rule.

2. **Other Methods:** In very rare cases, the IRB may authorize use of the pre-paid Participant compensation card system to purchase merchant gift cards or other approved compensation. Using negotiable items, such as gift cards, requires very strict accountability. The IRS and UTD policy consider gift cards/certificates to be cash equivalents, thus IRS income reporting requirements and all UTD cash handling policies (https://policy.utdallas.edu/utdbp3040) apply. PIs are personally responsible for reporting, accounting, safekeeping, reconciliation, and documentation of compliance with IRS and UTD cash handling requirements, from purchase through distribution to the Participant, for merchant gift cards.

Payments using a One Card

Using a UTD purchasing card (One Card) to purchase merchant gift cards or obtain compensation for Participants is not allowed. Improper use of UTD One Cards may result in review and
suspension of One Card privileges.

**IRB Requirements**

**Limit on Single Payments to Individuals**

Incentives are usually nominal, though the nature of a study may justify higher amounts, especially if participation involves significant time or expense to the Participant. Compensation that may appear to unduly influence Participants or encourage an individual to ignore or disregard the research risks will not be approved by the IRB. No compensation or combination or incentives may be distributed to any Participant via any means, unless fully in accord with current IRB approval.

**Anticipated Changes to the IRB-approved Payment Schedule**

Changes in Participant compensation amounts or structure must be approved by the IRB via a modification to the existing protocol prior to implementation.

**Tax Compliance Considerations**

**IRS Regulations**

UT Dallas must satisfy certain IRS reporting requirements when making compensation payments to human subjects. The IRS treats human subject payments as taxable income to the recipient, reportable on the subject's personal income tax return each year.

The tax treatment of human subject payments depends upon the annual amount paid, and the recipient's tax status as a U.S. citizen/permanent resident, or a foreign national.

Payments to a U.S. citizen or permanent resident totaling $600 or greater in a calendar year are reportable to the IRS, and the recipient will be issued a Form 1099-MISC. In such a case, the Participant should be requested to complete a W-9.

Payments to foreign nationals are reported on Form 1042-S, and may be subject to 30% tax withholding. In such a case, the Participant should be requested to complete a Form W-8BEN. Additional documentation will be required from foreign nationals, and completion of the online tax compliance system GLACIER is required. The IRB may provide language regarding tax implications in the study's informed consent document as appropriate.

**Payments to UTD Employees**

Any payments to Participants who are current University employees (including student workers) must be reported to the IRS as W-2 wages, regardless of the amount paid. These payments are subject to income tax and other withholdings as applicable, and the required disclosure of personal information associated with these transactions may present Participant confidentiality issues. Researchers anticipating Participant compensation payments to UTD employees should contact the UTD Payroll Department prior to making such payments.

**Payments to Non-Resident Foreign Nationals**
Payments to Participants who are nonresident foreign nationals, including foreign students and nonresident aliens, must be made via Accounts Payable check or, if a foreign national is a UTD employee, through UTD Payroll. Payments processed for foreign national individuals through Accounts Payable will be reported on IRS Form 1042-S, regardless of the dollar amount, and are subject to 30% federal income tax withholding. Payments processed through Payroll for foreign national Participants who are UTD employees are subject to applicable payroll withholding taxes, and will receive a Form W-2 for calendar year earnings. Researchers anticipating Participant compensation payments to nonresident foreign nationals should contact the UTD Payroll and Tax Compliance Office for guidance prior to making such payments.

Policy History

- Issued: 2009-09-21
- Editorial Amendments: 2016-11-11
- Revised: 2020-11-16

Policy Links

- Permalink for this policy: https://policy.utdallas.edu/utdbp3036
- Link to PDF version: https://policy.utdallas.edu/utdbp3036/makepdf
- Link to printable version: https://policy.utdallas.edu/utdbp3036/makeprint