

Research and Sponsored Programs Participant Payment Guidance: Payments to Non-Employees for Participating in Research and Sponsored Activity Projects

This document provides guidance for paying individuals who participate in research and other sponsored programs. Investigators often conduct research or other sponsored activities where it is necessary to obtain participation from individuals. Incentives and payment may be in the form of cash, checks, gift cards and non-monetary items (e.g., t-shirts, books, etc.) or expenses paid on behalf of the participant.

Payments are subject to U.S. tax laws. The IRS treats payments for participant costs, whether in cash, check, gift card, or in-kind items (books, DVDs, etc.) as taxable income to the recipient. This means the recipient is responsible for reporting the payment when he or she files a personal tax return at the end of the year. Northeastern University is required by IRS regulations to issue Form 1099-MISC for all US resident non-employees paid \$600 or more in a calendar year. Any payments to non-resident aliens, regardless of amount, are subject to 30% automatic withholding tax unless the non-resident payee is claiming a tax treaty benefit, such as a reduced withholding rate or exemption, by submitting a [Foreign National Information Form \("FNIF"\)](#) to Northeastern (Note: please request FNIF from the Payroll Department: HRM_payroll@northeastern.edu). Payments to foreign nationals are reported on Form 1042-S.

In addition, all payments to participants paid from extramurally-funded grant awards must comply with cost principles per OMB's Uniform Guidance.

Definitions

Study Subject Payments and/or Participant Incentives are defined as a payment or series of payments made to individuals for participating in research or sponsored activity projects (e.g., clinical trials).

Participant Support Costs are defined as direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences or training projects. (2 CFR 200.75) Participant support costs paid to the participant as **stipends and/or allowances** are considered taxable income by the IRS.

Note: Participant support costs, such as actual travel expenses, **paid as a reimbursement of allowable costs** (i.e., expenses connected to participation in the project that are *paid for by the participant*, substantiated by receipts that are provided within a reasonable period of time, and reimbursed by Northeastern) are not considered taxable income by the IRS.

Procedures

In order to meet the needs of our investigators, minimize administrative burden and comply with federal reporting requirements, the following guidelines apply: [Reference Guide](#)

- Principal Investigators and department business administrators are responsible for maintaining internal cash management controls including documenting payments to participants and for conforming to the University's accounting procedures.

- Participant payments from an extramurally-sponsored project should be detailed in the awarding-agency's approved budget; if not, funding-agency prior approval may be required.
- Generally, payments of less than one-hundred dollars may be made via cash, gift cards/certificates, or non-monetary items of value.
- A participant receiving incentive or support costs of less than one-hundred dollars is not required to provide his/her personal information (e.g., SSN/ITIN), unless the Principal Investigator reasonably expects that the participant will receive aggregate payments that will equal six-hundred (\$600.00) dollars or more in a calendar year in which case the payment should be made via check. [IRS Form W-9 https://www.irs.gov/pub/irs-pdf/fw9.pdf](https://www.irs.gov/pub/irs-pdf/fw9.pdf)
- Payments to participants greater than or equal to one-hundred dollars must be paid via check, payable to the participant.

Note: Confidential/anonymous study subjects: if the payment is to a participant of a human subjects research study *and* the IRB has approved a waiver of signed consent pursuant to 45 CRF 46.117(c) (1) (confidential/anonymous waiver) or the study is covered by an IRB verification of confidential nature form, incentive payments to anonymous study subjects should not be issued via check; instead, these incentives should be paid in cash, gift cards, and/or tangible goods of value. Please contact Research Administration to obtain instructions for properly maintaining records for payments to confidential study subjects.

- Payments to minors (under 18 years old) can be made to the parent or guardian of the minor.
- Regardless of payment type, the following Banner account code apply:
 - 78010 Study Subject Payments/Incentives
 - 74600 Participant Support Costs – Stipends
 - 74601 Participant Support Costs – Other

Payment by Cash or Gift Card

- Initiate payment via Amex Card and approved/reconciled via Concur. Supporting documentation submitted to Concur must include ATM receipt or gift card receipt, and IRB #. Participant information should also be submitted if available. At a minimum to support the payment, the supporting documentation should include the total # of participants and stipend amount. For payments to anonymous participants of human subject research studies, please include the following note: **Confidential study; the department securely maintains all corresponding participant payments and study data.**
- Departments are responsible for maintaining effective cash-management controls. Retain receipts and provide supporting documentation (e.g., log) detailing the disbursement of cash, gift cards or tangible items of value given to participants.
- Departments are responsible for monitoring that payments via cash or gift card are distributed timely. If the number of participants is not reached, then the department is responsible for reimbursing the budget timely. Cash should not be held at the departmental level.

Payment by Check

- Collect participant data (via a Form W9 for US residents); participants must provide their:
 - Full legal name,
 - Permanent address,
 - mailing address (if different),
 - Social Security number (SSN) or individual taxpayer identification number (ITIN).
 - For non-resident aliens, please include Payroll/OGC's Foreign National Information Form ("FNIF").
- Initiate check payments via D-PAY process [D-Pay Form](#)
 - For Participant Support Costs, when requesting a check, submit the D-PAY form and required attachments and include the following comment: **Payment for Participant Support Costs.**
 - For Study Subject Payments and Participant Incentives, when requesting a check submit the D-PAY form with required attachments and include the following comment: **Payment for Study Subject Payment/Incentive.**
- All Participant data (including social security numbers) must be securely maintained and the confidentiality of the data protected at all times (collection, segregation/coding, payment processing, and storage).
- Notify US resident participants that payments of \$600.00 or more within a calendar year will require that Northeastern University issue a Form 1099-MISC. For nonresident aliens, payments must be reported to the IRS via Form 1042-S. **Notify all participants** that they may be required to report any payments received as taxable income and that they should consult with their personal tax advisor.
- Foreign nationals may receive payments in the U.S. for participating in research or other sponsored activities only if authorized by their sponsoring agencies. **Note:** A Northeastern-sponsored visa does NOT necessarily include such authorization. If a foreign national does not have and cannot obtain such authorization from his or her sponsoring agency, the foreign national cannot be paid for participating in the project.
- In the event of an IRS or sponsored programs audit, it is the responsibility of the PI/department and the Office of Finance to provide all required supporting documentation for all payments.

Contact Information:

Accounts Payable: ♦ 617-373-2652 ♦ m.mallon@northeastern.edu

IRB: Nan Regina ♦ 617-373-4588 ♦ n.regina@northeastern.edu

Office of Research Administration and Finance: please see <http://www.northeastern.edu/research/raf/contact/> for individual contacts

- Research Administration – Proposal Development & Agency Prior Approval
- Research Finance – Allowable Charges to Sponsored Programs

Tax Management: Gary Menin ♦ 617-373-7503 ♦ g.menin@northeastern.edu

Payroll: Moneisha Miller ♦ 617-373-2549 ♦ mo.miller@northeastern.edu