

Title/Subject: PAYMENTS TO RESEARCH PARTICIPANTS

Applies to: faculty staff students student employees visitors contractors

Effective Date of This Revision: July 1, 2023

Contact for More Information: Payroll and Travel Services

Board Policy Administrative Policy Procedure Guideline

BACKGROUND:

To establish policies for research participants to help increase research endeavors.

PURPOSE:

To establish procedures for payments made by Central Michigan University to individuals receiving compensation for participation in research projects, surveys, or studies (research participation payments); and to ensure compliance with federal income tax and/or employment tax withholding requirements and proper reporting of payments to the Internal Revenue Service (IRS)

When research participants are compensated for their participation, the method of compensation should be designed to achieve these goals:

- Ensure the confidentiality of research participants.
- Provide timely, convenient compensation to participants to facilitate, not hinder, the study.
- Provide sufficient financial documentation for the University's records and for IRS reporting purposes.
- Provide sufficient documentation that compensation was provided to research subjects for participation in a study.

POLICY:

This procedure applies to all research involving human participants who receive compensation for their participation in studies at Central Michigan University.

All researchers are encouraged to seek guidance from either the office of Payroll and Travel Services or Payable Accounting in the initial planning stages of their project to ensure compliance with this policy.

PROCEDURE:

Research Participant Payments – Non-Employees

Authority: Robert Davies, President

History: 2012-06-18

Indexed as: Research Participant Payments; Research Payments; Research Compensation; Compensation-Research

Title/Subject: **Research Participant Payments – Employees**

Each department is required to keep a log of recipients on file for review by the department, auditors (both internal and external) and the IRS, while allowing for the protection of confidential research data.

For payments that are \$100.00 or less (includes cash, gift cards, or gifts), only the number of subjects, amount, and location of log needs to be reported to Payroll and Travel Services as part of the monthly reconciliation/documentation process. Studies in which participants are anonymous should limit payments to no more than \$100.00.

Payments of \$100.01 to \$250.00 will need to be documented with a completed IRS form W-9, Request for Taxpayer Identification Number and Certification. Departments must also submit a statement signed and dated by the research participant stating the amount of money they received and which study/grant project they participated in. Both of these forms must be submitted with the reconciliation/documentation for the month's expenses.

Payments of more than \$250.00 must be paid through Payable Accounting and will need to follow payment procedures of that department. The policy can be viewed at:

<https://www.cmich.edu/fas/fsr/cps/Payables/Pages/invprocess.aspx>

Payments to Nonresident Foreign Nationals

- **Researchers anticipating payments to nonresident nationals should contact Payroll and Travel Services PRIOR to making such payments.**
- Payments made to research participants who are nonresident nationals must be paid by Payable Accounting and will be reported on IRS Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, regardless of the dollar amount.
- Due to special IRS withholding requirements, University policy does not allow cash or cash equivalent (such as gift cards/certificates) payments to be paid to nonresident nationals.
- All payments to nonresident nationals are subject to 30% federal withholding for income tax.

Research Participant Payments – Employees

All payments made to an employee of the university are taxable regardless of the amount. This includes cash payments and gift cards, as well as direct deposit or ACH.

- Research participant payments must be processed thru Payroll and Travel Services.
- All applicable withholding taxes will be withheld at the time of payment.

Reporting Compensation to IRS

- Payments made to non-employee research participants from all sources may be subject to tax if the total amount of all payments in a calendar year equals or exceeds \$600. Payable Accounting will issue Form 1099-MISC in these instances.

Central Michigan University reserves the right to make exceptions to, modify or eliminate this policy and or its content. This document supersedes all previous policies, procedures or guidelines relative to this subject.