

UTRGV

Standard Operating Procedure

Compensation for Research Participants

I. Purpose

The purpose of this Standard Operating Procedure (SOP) is to provide guidance to UTRGV administrators and principal investigators when research projects requiring the participation of human subjects offer compensation as an incentive to offset any costs or burdens related to participation.

II. Scope

- A. UTRGV research projects may compensate individuals for their participation in research projects in accordance with an IRB-approved protocol or application that explains the amount and process for compensating the participants.
- B. This SOP does not apply to situations involving direct reimbursement for expenditures of travel, lodging, or other costs associated with participation in the research.
- C. UTRGV is responsible for properly accounting for all payments made to individuals to ensure fiscal accountability and meet Federal reporting obligations. This SOP is designed to provide documentation and reporting guidance to UTRGV faculty/staff involved in processing payments to research participants while still maintaining appropriate levels of confidentiality and minimizing administrative burden when possible.

III. Compensation Process and Procedures

A. Informed Consent Documents

Payment methods and the types of information to be collected must be disclosed in the informed consent document approved by the IRB, and any compensation must be made in accordance with the informed consent document and this SOP.

B. Allowable Mechanisms for Payments to Research Participants

Any and all costs of utilizing the systems below must be incorporated into the budget proposals for funded projects.

1. Greenphire – an electronic solution that automates and tracks payments to research participants in which funds are transferred to the participant via a reloadable debit card and/or direct deposit. This is the option that should be used when the participant is to receive multiple payments throughout the study or when the total amount to receive for the study exceeds \$300. For information regarding how to access and use the Greenphire system, please contact the Director of Clinical Research, Staci Eaton at staci.eaton@utrgv.edu.
2. Tango – an online technology solution that automates and tracks payments to research participants in which participants can select the type of gift card that they wish to receive in the amount dictated by the payor. This is the option that should be used for single payments to a participant and situations where the total amount to be received for the study is \$300 or less. For information regarding how to access and

use the Tango system, please contact the Director of Clinical Research, Staci Eaton at staci.eaton@utrgv.edu.

3. Other – Researchers are strongly encouraged to utilize Greenphire or Tango (listed above) to process payments to participants; however, there may be alternative mechanisms that could be used. Any alternative methods must be reviewed and pre-approved by the Director of Clinical Research, Staci Eaton at staci.eaton@utrgv.edu.

C. When to Collect Information About Research Subjects when Providing Compensation

1. If the research study provides an opportunity for a non-UTRGV employee participant to earn more than \$300 in the course of the research study;
2. If the research participant is an employee of UTRGV; or
3. If there is reason to know with certainty that the research participant is a nonresident individual. For example:
 - a. The inclusion criteria for the study is only for individuals that are nonresident individuals;
 - b. The research subject voluntarily discloses that they are a nonresident individual; or
 - c. The research subject provides a non-US address as their permanent residence.
4. EXCEPTION TO PROVISION C1: If a study is funded by the National Institutes of Health (or a subsidiary institution), or the Principal Investigator has otherwise secured a Certificate of Confidentiality for the research study, the IRB may approve an exception to the required collection information as follows:
 - a. The Principal Investigator (or designated study personnel) must only collect a W-9 or personal, identifiable information as per this written procedure in order to pay research participants when the totality of payments for the study are \$600 or more per calendar year.
 - b. In order to obtain this exception, the Principal Investigator must submit the requisite form to the Office of Research Compliance and receive approval:
https://www.utrgv.edu/irb/_files/documents/templates-and-forms/confidential-anonymous-gift-card-waiver-request.pdf

D. What Information to Collect About Compensated Recipients (as identified in Section C)

1. US Residents (Collect information on a W-9 form):
 - a. Full Name (as it appears on legal documents)
 - b. Mailing Address
 - c. Social Security Number
 - d. Gross Payment Amount
2. Nonresident Individuals (Collect information on a W8-BEN form):
 - a. Full Name (as it appears on their legal documents)
 - b. U.S. Mailing Address
 - c. Foreign Address, if available
 - d. Date of Birth
 - e. Country of Citizenship
 - f. U.S. Tax Identification Number, if available
(For example: Social Security Number (SSN) or Individual Tax Identification Number (ITIN))
 - g. Foreign Tax Identification Number

- h. Gross Payment Amount
- 3. Employees (including student employees)
 - a. Full Name (as it appears on legal documents)
 - b. Employee ID Number
 - c. Gross Payment Amount

NOTE: Research subjects that are required to provide this information, but refuse to do so, may still participate in the research if they are willing to waive receipt of payment.

E. Other Information to Collect

Principal Investigators must maintain payment logs for all studies that provide payments to participants. Such logs will serve as the accounting support for payment methods that do not require research subject tax information. In the event of an audit, it will be the responsibility of the investigator to supply all required supporting documentation for research subject payments made from the investigator's accounts. This information is considered part of the research record that is maintained by the Principal Investigator.

F. What to do with Collected Information

1. Submit all information to the Sponsor of a study as required by the award documents.
2. W-9 Forms collected pursuant to Section D1: Submit forms to the Accounts Payable Office periodically, and no later than January 10 of the year following the year of payment.
3. W-8BEN Forms collected pursuant to Section D2:
 - a. The department must submit forms and all other required information listed in D2 to the Tax Compliance Office within 2 business days after issuing the payment.
 - b. The department is required to record the foreign tax withholding according to the UTRGV Interdepartmental Transfer (IDT) process within 2 business days after issuing the payment. Additionally, the department will need to submit the confirmation of the final approval of the IDT to the Tax Compliance Office. Please indicate the following accounting data on the IDT form:
 - Project/Cost Center to Receive Credit: 21000409
 - Revenue Account No: 20221
 - Expense Account No: 67825 (Participant Support Other)
4. Employee information collected pursuant to Section D3: Submit information to the Tax Compliance Office within 5 business days after issuing the payment.

G. Taxation Implications:

1. Information collected on W-9 Forms (and corresponding payment amounts):
 - a. The Accounts Payable Department will assimilate information from all W-9 Forms submitted each year and determine which individuals received \$600 or more in each calendar year from UTRGV.
 - b. The recipients of compensation from UTRGV of \$600 or more in each year will receive a 1099 tax form, and a copy of the form will be submitted to the IRS.
2. Information collected on W-8BEN Forms (and corresponding payment amounts):

- a. Nonresident recipients are generally subject to 30% withholding and/or Form 1042-S reporting. There are two ways to handle this situation:
- i. The department or research study may elect to cover the costs associated with the tax due on behalf of compensation paid to nonresidents through a “gross up” process. The department is required to obtain authorization from the grant office and the department head for the additional fund. In addition, the department is responsible for recording the foreign tax expense in the accounts outlined in Section F.3.B.

The participant will receive the net amount of the payment (which will be the same as residents), but the “gross up” amount will be reported on Form 1042-S rather than the amount they received. The department is responsible for disclosing this information to the recipient.

EXAMPLE:

If the department elects to fund the tax withholding on the compensation of \$100 paid to the nonresident participant, the department is required to confirm authorization from the grant and department head for the additional cost to gross up the payment.

$$\begin{aligned}
 \text{Gross up} &= [\text{Net amount}/(1-\text{Tax Rate})] \\
 &= [\$100/1-30\%] \\
 &= \$142.86
 \end{aligned}$$

<i>Gross up amount (Department’s total costs).....</i>	<i>\$142.86</i>
<i>Less 30% Foreign tax covered by department.....</i>	<i>\$42.86</i>
<i><u>Payment to nonresident recipient</u></i>	<i><u>\$100.00</u></i>

<i>Recipient will receive:</i>	<i>\$100.00</i>
<i>Reported on 1042-S:</i>	<i>\$142.86</i>
<i>Withholding reported on 1042-S:</i>	<i>\$ 42.86</i>
<i>Department records on IDT:</i>	<i>\$ 42.86 pursuant to Section F.3.B.</i>

Department needs to notify the recipient prior to making payment.

- ii. Nonresident recipients are responsible for paying the 30% foreign tax. Accordingly, the department will retain 30% of the compensation and record it

The department will issue the remaining 70% of the compensation to the nonresident recipients.

EXAMPLE:

The nonresident participant is responsible to pay the 30% foreign tax for \$100 compensation amounts

<i>Regular gross amount (Department’s total costs).....</i>	<i>\$100.00</i>
<i>Less 30% Foreign tax covered by nonresident recipient.....</i>	<i>\$ <u>30.00</u></i>

Payment to nonresident recipient.....\$ 70.00

Recipient will receive: \$ 70.00
Income reported on 1042-S: \$100.00
Withholding reported on 1042-S: \$ 30.00
Department records on IDT: \$ 30.00 pursuant to Section F.3.B.

Department needs to notify the recipient prior to making payment.

3. Information collected on Employees (including student employees):
 - a. After the Tax Compliance Office receives the information, applicable taxes will be collected from the employee's next paycheck and reported on their annual W-2 Form in the year the payment was issued.
 - b. All payments issued to UTRGV employees are subject to federal income tax withholding, FICA (Social Security and Medicare) tax withholding and Form W-2 reporting. There is no minimum threshold for reporting applicable to recipients who are employees.

H. Security of Records

Any compensation records maintained by a department that contain restricted information (including protected health information) shall be managed with reasonable and appropriate safeguards as are necessary to prevent the unauthorized use or disclosure of the information. The necessary safeguards must meet the standards articulated in UTRGV policy, contractual obligations, and approved by the IRB.

IV. Definitions

- A. Human Subject/Research Participant/Research Subject:** A living individual about whom an investigator conducting research obtains (1) data through intervention or interaction with the individual, or (2) identifiable private information.
- B. Payment or Compensation:** Any kind of remuneration to the participant including cash, checks, gift certificates, gift cards, or other items of value.
- C. Study:** A project, sponsored or unsponsored, approved by the IRB, conducted under the direction of a Principal Investigator.
- D. Nonresident Individual:** For U.S. tax purposes, a nonresident is an individual who is not a U.S. citizen or U.S. Lawful Permanent Resident ("Green Card" holder).
- E. Internal Revenue Code Section 1441:** UTRGV must withhold Federal income tax from all payments made to, or on behalf of, a nonresident/foreign individual.