

Procedures for Human Subject Research Compensation

Michigan Tech must satisfy certain IRS reporting obligations when making compensation payments to human subjects. These types of payments to any (1) individual that exceed a \$600 threshold during a calendar year are subject to certain IRS reporting regulations.

When a human subject research (HSR) project is submitted to the Office of Compliance, Integrity, and Safety (CIS) and it indicates compensation for participation in the research study, the submission will be reviewed to ensure that the Principal Investigator (PI) has included ***required compensation language in both the project description and the consent form, regardless of the amount*** (see below). Call the CIS Office at 487-2902 whenever you are unsure or have questions on how to process compensation payments.

If you are compensating a non-resident alien of the United States, please contact Financial Services & Operations at 487-2449. Information will be requested for proper reporting and to determine income tax withholdings.

It is the responsibility of the PI to:

- obtain, retain, and submit individual participant forms as instructed
- follow the procedures regarding check requests submitted for payment
- maintain a log of all payments dispersed

When compensation is:

- **Less than \$25**, tax forms ARE NOT required, **SKIP TO PAGE 3 AND 4**
- **\$25 or more**, the participant **MAY NOT** be anonymous, tax forms **MUST BE** completed AND the following language must be included in the protocol and consent form(s).
See pages 2 and 4 for processing procedures.

REQUIRED COMPENSATION LANGUAGE for \$25 or more

ALL submissions must contain the following compensation language,

*Include information in **both** the project description (protocol) and the consent form.*

You may only compensate participants for the amount that you specify in the description and consent form, as reviewed and approved.

Upon administrative review of submission materials, if the following language is not included in the project description AND consent form, the submission will be returned, not reviewed, until the documents include the following:

- **In the protocol/project description** – *To be compensated for participation in this study, participants will be asked to complete and sign a Receipt of Compensation Form along with a W-9, and will be informed that they may need to report this compensation as income when filing their tax return with the IRS. A copy of the document has been included with this submission.*
- **In the consent form** – *To be compensated for participation in this study, you may be asked to complete and sign a Receipt of Compensation Form along with a W-9; you may receive a 1099-MISC at the end of the year and you may need to report this compensation as income when filing your tax return with the IRS.*

**When compensation is more than \$25 to any one person –
Follow these instructions and record keeping requirements**

The participant MAY NOT be anonymous AND you must collect tax information from them

***Required compensation language to be included in both the project description and consent form.**

See page 1 for more information and required language.

**Additional required documents and procedures - when paying by cash or check request
(all forms and templates are available in the IRBNet library):**

- **Receipt of Compensation Form (kept by the PI)**
 - Modify the document labeled “Template: Receipt of Compensation Form” found in the IRBNet library for the individual study
 - Provide a prepared unsigned copy of the “**Receipt of Compensation Form**” with your human subject submission study package
 - Upon approval of the study, the PI will have **each participant complete and sign a “Receipt of Compensation Form”**

Note: At the bottom of this form it indicates that the **Receipt of Compensation Form must be kept by the PI for audit purposes**. Keep this form with your other secured study documents.
- **W-9 Form with “HSR”** indicated in the upper right corner
 - The PI will provide the W-9 “HSR” Form to each participant receiving compensation
 - **The W-9 Form will be completed by the participant and returned to the PI**
 - The PI will send the completed W-9 HSR Form to **Financial Services & Operations – Tax Accountant, Lakeshore Center**
- **HSR Check Request Form (sent to the appropriate accounting department)**
 - **After the W-9 HSR Form has been sent to Financial Services & Operations**, check requests may be submitted to the appropriate accounting department (i.e., either general accounting or sponsored programs accounting depending on the index) to request either payment to individuals or lump sum payments that will be distributed to multiple individuals (i.e., **Michigan Tech bookstore gift card in the amount of \$25 or more**).
 - Be sure to **use the correct expense code for HSR payments**
 - **E252 HSR**
 - **E252D HSR - distributed to others**
- **Drawings for items, NOT cash or check**

Drawings for an item with a value of \$25 or more such as but not limited to: iPod, iPad, electronic readers, etc.:

If a drawing is planned for one item, you need to include the value of the item and the odds of receiving it in the description and consent form (i.e., include how many are expected to participate in the study along with the number of drawings such as: 1- iPod with 100 expected participants).

NOTE: Because a drawing for an item is generally not an allowable expense, be sure to verify if you can charge this type of expense to your index.

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When compensation is less than \$25 to any one person –

Follow these instructions and record keeping requirements

The participant MAY or MAY NOT be anonymous, tax forms are not required

There may be situations in which compensation might warrant an exception from the described required tax forms and procedures. It may be the case that your study involves anonymous participation and there is no way to indicate who a particular participant may have been (i.e., completion of an anonymous survey and handing out \$1 bill). Call the CIS Office at 487-2902 whenever you are unsure or have questions on how to process compensation payments.

When compensation is less than \$25 to any one person, the Receipt of Compensation Form and W-9 mentioned on page 2 ARE NOT required; however, **you must still provide the compensation language to be included in both the project description and consent form. You must specify the type and amount of compensation AND you **MUST keep an internal log** of each payment disbursed for auditing purposes. If a drawing will be held, you must include the odds of receiving, depending on the number of participants expected.**

Examples of these types of payment may be, but are not limited to the following:

- Small cash payments handed out (i.e., \$1 or \$5 bill)
- Michigan Tech bookstore gift cards, **amount less than \$25** (these can either be handed out or item available via web access upon completion of a survey)
- Books, CD's, toys, etc.

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Required Accounting and record keeping - expense code and log FOR ALL TYPES OF COMPENSATION GIVEN TO PARTICIPANTS:

In all instances, the PI is required to maintain a log of all payments dispersed. The PI must use the appropriate method and correct expense code when using funds from an index to provide compensation whether it is in the form of a check, cash, or specific item(s).

- Be sure to **use the correct expense code for HSR payments**
 - **E252 HSR**
 - **E252D HSR - distributed to others**
- Maintain a log or spreadsheet containing the following for auditing purposes:
- either the name of the subject if known, or list of names coded such as Subject 1, Subject 2 (or other method of coding used),
- the internal IRB M# and/or IRBNet# for the approved human subject study,
- the time period covered for the payment,
- the dollar amount given