



FOUNDED BY BRIGHAM AND WOMEN'S HOSPITAL  
AND MASSACHUSETTS GENERAL HOSPITAL

<b>Title:</b>	Payments to Human Subjects for Participation in Research	
<b>Department:</b>	Human Research Affairs/Research Management	
<b>Policy Type:</b>	<input checked="" type="checkbox"/> Partners System-wide	<input type="checkbox"/> Partners System-wide Template
	<input type="checkbox"/> Partners Corporate	<input type="checkbox"/> Partners Corporate Departmental
	<input type="checkbox"/> Entity	
<b>Applies to:</b>	Employees, Professional Staff or Other Agents of Brigham and Women's Hospital (BWH), Faulkner Hospital (FH) and Massachusetts General Hospital (MGH)	
<b>Approved by:</b>	Executive Vice President of Administration and Finance	
<b>Approval Date:</b>	May 2007	
<b>Effective Date:</b>	May 2007	
<b>Revision Date(s):</b>	September 10, 2010	April 2012
<b>Next Review Date:</b>	April 2015	
<b>Contact Person:</b>	Director, Human Research Review and Compliance	

**KEYWORDS:**

*IRB, Institutional Review Board*

**PURPOSE:**

The purpose of this policy is to provide Investigators with information about taxation issues related to the various kinds of payments that may be made to research subjects and to ensure that taxable payments are appropriately documented and reported to subjects and to the IRS.

**DEFINITIONS:**

See Definition of Human-Subjects Research

**POLICY STATEMENT:**

In order to ensure that taxable payments are appropriately reported to the IRS, and to the research subject, Investigators must follow the procedures described in this Policy. The Investigator should also inform the research subject about potential tax consequences of receiving payment for participation.

Additional institutional requirements related to obtaining, making, and maintaining accountability for payments to research subjects are contained in the *Policy on Cash Control and Accountability for Payments to Human Subjects for Participation in Research*. Investigators must abide by these institutional requirements in addition to the tax-related procedures described herein.

## TYPES OF PAYMENTS AND APPLICABLE TAX RULES

The following is a brief summary of the different kinds of payments that may be made to a research subject and whether or not they are considered taxable income to the subject under federal and state law, and the required procedures associated with each:

### 1. Remuneration (also referred to as compensation, stipend or payment)

**Remuneration** includes cash or cash equivalents (e.g., checks, gift cards) provided to research subjects as compensation for the time and effort they spend participating in a clinical research study. *Remuneration is taxable income to the research subject, regardless of the dollar amount.* The tax rules that apply to U.S. citizens and permanent residents differ slightly from the rules that apply to Nonresident Foreign Nationals. Therefore, different procedures must be followed by the Investigator in each case.

#### U.S. Citizens and Permanent Residents (“Green card” holders)

The IRS requirements:

If all of the payments made to a U.S. citizen or permanent resident from Partners’ entities total \$600 or more in a given calendar year, the IRS requires that Partners report the total amount on a Form 1099. The IRS does not require Partners to report payments totaling less than \$600 in a given calendar year; however, research subjects may still need to report such payments on their individual income tax returns. Subjects should be directed to consult with their own tax advisors regarding these reporting requirements.

Procedures:

In order to ensure that **Remuneration** to U.S. citizens and permanent residents is appropriately reported to the IRS in accordance with these requirements, investigators must abide by the following procedures:

- In studies involving a single, one-time payment to the subject:
  - If the one-time payment is greater than \$50, the payment must be made by check. The investigator must collect the Social Security Number (SSN)/ Individual Taxpayer Identification Number (ITIN) of every subject receiving the payment. The SSN/ITIN and a valid U.S. address must be reported in the Partners Accounts Payable online “eCheck” submission (as part of “Vendor Information” on the Single Payment Vendor tab).
  - The Investigator is not required to collect and track SSN/ITIN for payments of amounts up to (and including) \$50 unless he or she has reason to believe that the subject is enrolled or plans to enroll in other studies such that the payments made to the individual in the calendar year are likely to total \$600 or more.
- In studies involving multiple payments to the subject over time, the payments must be made by check. The Investigator must collect the SSN/ITIN of every subject receiving the payments. The SSN/ITIN and a valid U.S. address must be reported in the eCheck submission.

#### Nonresident Foreign Nationals

Regardless of dollar amount, payments to nonresident foreign nationals (those who do not have a “green card” or formal visa status allowing them to work in the USA) may be taxable income to the research subject. The extent to which these payments are taxable varies depending on the circumstances. Furthermore, there are certain Visa classifications that

prohibit any kind of payment beyond what is specifically allowed under the Visa. Some foreign nationals may receive tax benefits under treaties. For more specific instructions, please refer to the *Policy for Paying Foreign Persons (Nonresident Aliens)*.

If you have read this policy and still have questions about tax treatment of payments to nonresident foreign nationals in specific situations, you may contact the Partners International Office or the Partners' Tax Department. The Partners Human Research Committee (IRB) Office will generally direct such questions it receives to one of these other offices as appropriate. Again, subjects should be directed to consult with their own tax advisors regarding any questions about their reporting or other tax responsibilities.

## 2. Reimbursement

**Reimbursement** includes payments to research subjects to cover out-of-pocket expenses they incur while participating in clinical research, e.g., reimbursement for travel expenses such as taxi fare or parking. Reimbursement may be made only if a receipt for the expense is provided by the subject. ***Reimbursement of expenses based on receipts is not considered taxable income.***

Pre-payment of "estimated expenses" that are not based on receipts or actual costs incurred are considered taxable income. However, pre-payment of expenses is not considered taxable income if the subject provides receipts within a reasonable time after incurring the costs, and returns the excess – if any – of the dollar amount that was pre-paid over the actual costs reflected in the receipts.

In light of these tax rules, reimbursement of expense receipts instead of pre-payment may minimize the possibility that subjects' expenses will be considered taxable income.

Another form of "reimbursement" is a direct payment by our institution of expenses that the subject would otherwise have to incur to participate in the research, e.g., when an investigator books and directly pays for a subject's flight to travel here or hotel to stay in for a study visit, or provides the subject with a parking sticker or meal voucher. ***These direct payments are not considered taxable income, as long as the investigator retains receipts or maintains records equivalent to receipts reflecting the payments.*** Such direct payments are encouraged, where possible, to avoid complicated reimbursement requests from subjects (such as in the case of significant expenses like flights and hotels) or numerous small reimbursement requests (such as for items like parking or meals).

## 3. Tangible Gifts

**Tangible Gifts** are another way in which appreciation for participation in research may be acknowledged. A tangible gift is an item of nominal value that is given to a research subject (e.g., a toy for a child participant or a tote bag or water bottle). ***Tangible Gifts as described in this Policy are not taxable income to the subject.*** In order to ensure compliance with tax reporting requirements, a maximum value of \$100 has been set for a **Tangible Gift**. An exception may be approved by the Partners Human Research Committee (IRB), but only if the IRB determines that the cost of the item still qualifies as nominal, and that there is a justifiable basis for the exception. An example of a justifiable basis would be the following. Occasionally an item is used by a subject as part of the study (such as a glucose monitor or another electronic device to track relevant data) and the item would otherwise be discarded

after the study. This would be a justifiable basis for giving the item to the subject at the completion of the study despite the fact that it may exceed the \$100 maximum.

### **COMMUNICATING WITH RESEARCH SUBJECTS**

Individuals participating in research studies should be informed at the outset about any **Remuneration** they may receive for their time and effort. Investigators should not attempt to provide tax or visa advice, but rather should suggest that potential research subjects seek their own independent advisors in these areas. However, the tax issues may affect an individual's decision to participate or not. Therefore, the Investigator should inform the individual about the basic tax rules only as described in this Policy. This includes telling research subjects that Partners will issue a 1099 Form to them and the IRS if they receive payments equal to or greater than \$600 in a given year. Whenever possible, the investigators should discuss these issues at least briefly on the phone in "pre-screening" or in person screening questionnaires.

Research subjects who will receive **Remuneration** should also be informed that they will need to provide their Social Security Number (or ITIN) as described above, and that this information will be protected as described in the next section. If the individual objects to giving their SSN, they may wish to decline participation in the study, or decline remuneration, and should feel free to do so. If a subject inquires about the option of participating but foregoing the payment altogether, they may be informed that this is an acceptable option, and the investigator should document the subject's inquiry and the agreed-upon plan.

### **CONFIDENTIALITY REMINDER**

Investigators are reminded that SSNs are confidential and sensitive information about an individual. Best practices for investigators include maintaining records/documents containing SSNs confidentially in locked files and not storing them electronically, and redacting/removing SSNs from study records when no longer required. Investigators should refer to their institution's policies regarding the storage and maintenance of Personal Information and Protected Health Information for additional guidance.

### **MORE INFORMATION**

If you have specific questions on the subject payment issues discussed in this Policy, please contact the Partners Human Research Committee (IRB) Office, which can coordinate with other offices within Partners, including the Partners International Office, the Partners' Tax Department, Partners Research Compliance, and the Partners Office of the General Counsel, as needed.

### **OTHER APPLICABLE PARTNERS HEALTHCARE POLICIES:**

See the PHRC (IRB)'s related general policy on *Remuneration for Research Subjects*, which governs consideration of fair and appropriate payments to research subjects:

<http://healthcare.partners.org/phsirb/remun.htm>

See also *Policy on Cash Control and Accountability for Payments to Human Subjects for Participation in Research*, which contains additional institutional requirements related to obtaining, making, and maintaining accountability for payments to research subjects:

<http://www.is.partners.org/finance/generalfinance.html>

*Policy for Paying Foreign Persons (Nonresident Aliens):*

<http://library.partners.org/PartProd/webserver/custom/trovedemoframeset.asp?P2=1&w=1024&h=768&c=32&HU=EmptyURL>

**DEVELOPMENT AND CONSULTATION**

Reviewed by:	Original Review Date:	Revision Approval Dates:
Human Research Office	May 2007	April 2012
Office of the General Counsel	May 2007	April 2012
Partners Research Compliance	May 2007	April 2012
Partners Finance	May 2007	April 2012