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## 2319.1: PAYMENT OF HUMAN SUBJECT FEES

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Effective: February 2007  
Revised: May 2018  
Last Reviewed: May 2018  
Responsible Office: Provost  
Approval: Provost

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### PURPOSE

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To ensure an effective and efficient means to make payments to human subjects in research studies and properly account and report these payments in accordance with generally accepted accounting principles and compliance with the Internal Revenue Code.

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### DEFINITION

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A human subject fee is a payment that represents remuneration and/or reimbursement to individuals participating as subjects in a research project.

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### TAX REPORTING

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The University is obligated to report to the Internal Revenue Service (IRS) on Form 1099 all U.S. Citizens and Resident Aliens receiving cumulative remuneration greater than the annual threshold amount of \$600.

The University will report to the Internal Revenue Service (IRS) on Form 1042S all Non Resident Aliens receiving remuneration and/or out-of-pocket reimbursement greater than \$100 in any one calendar year.

*NOTE:*

*IF YOU HAVE ANY REASON TO BELIEVE THAT YOU ARE MAKING A PAYMENT TO A FOREIGN PERSON AND DO NOT KNOW IF HE/SHE IS CONSIDERED A RESIDENT ALIEN OR NONRESIDENT ALIEN, PLEASE COLLECT THE FORMS BELOW FOR NON RESIDENT ALIEN AND SEND TO CORPORATE TAX AND INTERNATIONAL OPERATIONS OFFICE FOR A DETERMINATION.*

## POLICY

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1. The Greenphire ClinCard is the University's preferred method of paying human subjects. Payments to human subjects of over \$100 per occurrence *MUST* either be processed via a Greenphire ClinCard (U.S. Citizen or Resident Alien only) or through the Penn Marketplace using a Non-PO Payment Request.

Note:

U.S. Citizen or Resident Alien

A W-9 is required if the human subject is receiving payment for the first time and not collected in Penn's W-9 repository or not listed as a "supplier" in Penn's Accounts Payable system, or the subject has a name or address change.

Nonresident Alien

The following forms are required –

- Foreign National Information Form ( <http://www.finance.upenn.edu/forms/fniform.pdf> )
- Copies of Visa, Passport, I94 Card
- Valid ITIN (Individual Taxpayer Identification Number) or Social Security Number

- a. The Human Subject Voucher C-2 Form ([http://www.finance.upenn.edu/comptroller/Forms/#Accounts\\_Payable](http://www.finance.upenn.edu/comptroller/Forms/#Accounts_Payable)) must accompany any distribution to human subjects (a one-time requirement when distributing/paying via the Greenphire ClinCard).

Note:

Gift cards, gift certificates, money order etc., over \$100 per occurrence are not permitted as remuneration for participation in a research study.

2. Human subject payments of \$100 and under per occurrence can be processed via a Greenphire ClinCard, petty cash, money orders, or gift cards.
  - a. The Human Subject Voucher C-2 Form ([http://www.finance.upenn.edu/comptroller/Forms/#Accounts\\_Payable](http://www.finance.upenn.edu/comptroller/Forms/#Accounts_Payable)) must accompany any distribution to human subjects (a one-time requirement when distributing/paying via the Greenphire ClinCard).
  - b. It is the responsibility of the Principal Investigator (PI) to collect a completed [W-9](#) from each U.S. Citizen or Resident Alien *IF* at any time either at the beginning of each research study/clinical trial or during the course of the research study, it is recognized that the human subject will receive a total of \$600 or more in a calendar year as remuneration. At the end of the calendar year the PI must submit a summary worksheet ([http://www.finance.upenn.edu/comptroller/Forms/#Accounts\\_Payable](http://www.finance.upenn.edu/comptroller/Forms/#Accounts_Payable)) of petty cash and/or gift card payments and the relevant W-9s for individuals receiving \$600 or more to the Disbursement group. Greenphire ClinCard coordinators are required to send their clearly marked Greenphire W-9s

to Accounts Payable to be scanned into the Penn W-9 repository. They will also have the ability to search file name to see if a W-9 is already on file, and if it is, there is no need to collect another.

- c. It is the responsibility of the PI to collect the necessary paperwork from each Nonresident Alien IF at any time either at the beginning of each research study/clinical trial or during the course of the research study, it is recognized that the human subject will receive a total more than \$100.

**Note:**

This process does not apply if the IRB has approved a waiver of informed consent and no identifiers of the human subject are collected.

3. For employees who participate as a human subject:
  - o Stipends to research participants are not considered additional wages. These payments will not be reflected on the employee's W2; however an employee who receives more than \$600 in a calendar year will receive a 1099 form in addition to the employee's W2.
4. Privacy of Medical and Protected Health Information (PHI), personal data, and social security numbers
  - a. PHI and Data – It is the responsibility of the PI to ensure that information collected and forwarded to Accounts Payable for purposes of remuneration of a human subject does not link the subject to the research study by title, include medical information, diagnostic information, medical/personal information, or other PHI protected by law. Payment documentation must identify the fund number from which remuneration will be paid, the name of the human subject, social security number, and amount of remuneration. No further information is required for IRS purposes.
  - b. Social Security Numbers – It is the responsibility of the PI to ensure that potentially sensitive data is protected. The following steps must be taken to help ensure privacy:
    1. The W-9 forms (for non-BEN/non-Greenphire ClinCard disbursements accumulating \$600 or more) should be kept in a secure location and at the end of the calendar year sent to the Disbursements group, accompanied by the summary worksheet ([http://www.finance.upenn.edu/comptroller/Forms/#Accounts\\_Payable](http://www.finance.upenn.edu/comptroller/Forms/#Accounts_Payable)).
    2. Participants' Social Security number should not be kept on a local desktop, laptop, or other computing device.

***Additional Responsibilities***

1. The Accounts Payable Department is responsible for ensuring that human subject payment requests are authorized. In the event that the proper documentation is not complete, the approver should return the Non-PO Payment Request to its preparer.
2. Each PI has the primary responsibility for:
  - Monitoring the process of compensating human subjects and ensuring that such activity is properly accounted for and reported to applicable departments.
  - Ensuring that all human subjects are informed during the consent process (verbal or written) of the human subject's responsibility of reporting human subject remuneration to the IRS.
  - Documenting the number of human subjects and payments to those human subjects in studies where the human subject remains anonymous (where the IRB has approved a waiver of consent) or no identifiable information is collected.

- Documenting the names of human subjects and payments to those human subjects in studies involving surveys when de minimis incentive payments (\$25 or less) are used as enticement to complete the survey and the returned survey contains no identifiers and is considered anonymous.
3. The Cashier's Office is responsible for ensuring that payments from a petty cash fund to a human subject are submitted with all required documentation. In the event that the proper process is not followed when utilizing petty cash funds to compensate a human subject, the Cashier's Office will not replenish the petty cash fund.