

## PARTNERS HUMAN RESEARCH COMMITTEE POLICES AND PROCEDURES

### Policy on Payments to Human Subjects for Participation in Research.

#### 1.0 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.

#### 2.0 SCOPE

Investigators conducting human-subjects research reviewed by the Partners Human Research Committee are subject to this policy.

#### 3.0 GENERAL 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 under federal and state law:

**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. Thus, even a \$10 gift certificate is considered taxable income. (Remuneration is sometimes referred to as compensation, stipend, or payment.)*

**Reimbursement** includes re-payments to research subjects to cover expenses they incur while participating in clinical research, e.g., reimbursement for taxi fare or parking, and may be made only if a receipt is provided by the subject. *Reimbursement of expenses based on receipts is not considered taxable income. In contrast, it is considered taxable income when there is prepayment of estimated expenses that are not based on receipts or actual costs incurred.*

**Tangible Gift** includes items of nominal value (typically  $\leq$  \$100 value) that are given to a research subject (e.g., a toy for a child participant or a tote bag or water bottle). *Tangible Gifts are not taxable.*

#### 4.0 POLICY

In order to ensure that any taxable payments are reported as such 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 the potential tax issues. (See section 8.0)

## 5.0 **REMUNERATION**

The tax rules that apply to U.S. Citizens and Permanent Residents differ slightly from the rules that apply to Nonresident Foreign Nationals, and therefore different procedures must be followed by the Investigator.

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

If all of the payments made to a U.S. citizen or permanent resident for participation in research total \$600 or more in a given calendar year, the IRS requires that our institutions report the total amount on a Form 1099. In order to comply with this IRS requirement, the Investigator must collect the Social Security Number (SSN) or Individual Taxpayer Identification Number (ITIN) of every research subject who receives **Remuneration** of any amount. The SSN and a valid U.S. address must be included on any Partners Accounts Payable check request.

To the extent **Remuneration** is provided by a means other than by a Partners Accounts Payable check, the Investigator must track the name, address, social security number and amount of **Remuneration** paid to each research subject. *Attached is a spreadsheet for use in compiling this information.* The Investigator should submit the spreadsheet to Accounts Payable no later than 5 business days after the end of the calendar year. The information collected by the Investigator may be sent electronically to Accounts Payable at [phsaccountspayable@partners.org](mailto:phsaccountspayable@partners.org).

Although the IRS does not require us to report payments totaling less than \$600 in a given calendar year, research subjects may still need to report such payments on their individual income tax returns. Research subjects should be directed to consult with their own tax advisors regarding these reporting requirements.

### 5.2 **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 get tax benefits under treaties. For more specific instructions, please refer to the policy on Payments to Non-Employee Foreign Nationals:

<http://is.partners.org/finance/myfinance/Payments%20to%20Non-Employee%20Foreign%20Nationals%20Policy%20and%20Forms.asp>

If you have read this policy and still have questions, you may contact the Partners International Office or the Tax Manager for Partners.

## 6.0 **TANGIBLE GIFTS**

**Tangible Gifts** (typically  $\leq$  \$100 value) are another way in which appreciation for participation in research may be acknowledged. Such gifts are not considered taxable income, and are not subject to the tracking and reporting requirements above

## 7.0 REIMBURSEMENT of study-related expenses and Pre-Payments for such expenses

As described above, **Reimbursement** of out-of-pocket expenses related to research, based on receipts provided by the research subject, is not considered taxable income. The Investigator should follow the usual procedure for a Partners Accounts Payable check request.

Pre-payment of “estimated expenses” *that are not based on receipts or actual costs incurred are considered taxable income*. Therefore, reimbursement of expense receipts may minimize the possibility that subjects expenses will be considered taxable income.

## 8.0 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 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), and that this information will be protected as described in section 9 below. If the individual objects to giving their SSN, they may wish to decline participation in the study 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.

## 9.0 CONFIDENTIALITY REMINDER

Investigators are reminded that SSNs are very private and sensitive information about an individual. Records/documents containing SSNs should be maintained confidentially in locked files, and individual SSNs redacted/removed when no longer required.

### MORE INFORMATION

If you have specific questions on subject compensation, please contact the IRB offices. We can assist you, and forward specific inquiries to experts in the legal and accounting departments, if necessary.

### RELATED POLICIES

See the related general policy on [Remuneration of Research Subjects](#), which includes suggestions for amounts/rates of payments.