



TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Operating Policy and Procedure

HSC OP: 72.19, Payments to Research Participants/Patient Studies

PURPOSE: The purpose of this Operating Policy (OP) is to establish procedures for payments made by Texas Tech University Health Sciences Center (TTUHSC) to individuals involved in research projects, surveys or studies and to ensure compliance with federal income tax withholding requirements and proper reporting of payments to the Internal Revenue Service (IRS).

REVIEW: This TTUHSC OP will be reviewed in June of each even-numbered year (ENY) by the Managing Director of Payroll and Tax Services, the Managing Director of Procurement Services, and the Assistant VP for Research Integrity, with recommendations for revisions forwarded to the Senior Vice President for Research and the Vice President and Chief Financial Officer.

POLICY / PROCEDURES:

1. General

- a. Research participant payments are those payments made by TTUHSC to individuals to compensate them for participation in approved research projects, surveys or studies.
- b. All research projects that involve humans as subjects must be approved by the Institutional Review Board (IRB) for Protection of Human Subjects prior to initiation of the project. See [HSC OP 73.06](#).
- c. Research participants may be given the opportunity to participate without receiving payment if they do not wish to provide identifying information.
- d. Research participants/patients are not to be confused with Standardized Patients. Standardized Patients perform a variety of duties in which they are trained to portray specific sets of health problems and symptoms that aide students in learning the proper techniques and procedures for taking medical histories, performing medical examinations, determining diagnoses and learning the appropriate way to educate and inform patients of diagnoses. Standardized Patients are considered temporary employees and payments for their services must be processed through Payroll.
- e. TTUHSC is required to collect tax identification information on all payments to US Citizens, permanent resident aliens or resident aliens except for payments which total \$25 or less throughout the period of the study. If a department fails to comply with the collection of this tax identification information, any fees as a result of an IRS audit finding will be charged to the department conducting the research/study. The following Recipient Information Form was created to assist in the collection of research participant data: <http://www.fiscal.ttuhs.edu/training/Forms/PaymentServices/ResearchPaymentForm.pdf>. All research participants receiving a Swift Card must fill out the Recipient Information Form no matter the payment amount.
- f. Swift Cards are to be issued and used for participant payments only.

2. Compliance

- a. All payments to research participants/patients must be processed through the Swift Card Program. General information, program access and training materials are located on the

Swift Card web page located at

<http://www.fiscal.ttuhsu.edu/paymentservices/swiftcardprogram/>.

Payments to nonresident aliens (individuals who are not U.S. Citizens, permanent resident aliens or resident aliens for tax purposes), regardless of the amount, are subject to 30% federal income tax withholding. At the time the Swift Card is activated for nonresident alien participants, 30% federal tax withholding must be deducted from the amount of the payment. See *Nonresident Alien Withholding Chart* located at http://www.fiscal.ttuhsu.edu/fsm/training_home.aspx?category=swiftcard to determine withholding and card funding amounts. Failure to withhold taxes on payments to nonresident aliens could result in IRS penalties to be assessed in the case of an audit finding. Any penalties assessed by the IRS due to non-compliance will be charged to the department conducting the research/study.

- b. Swift Cards are issued to departments with an expiration date. It is the responsibility of the department to request and activate cards in a timely manner. Cards returned with inadequate time for redistribution or cards expiring while still in the possession of the department will incur a \$2 processing charge to be charged to the department's backup FOP that was supplied on the card request form.

- c. Payments to Employees

Payments made to an employee who is participating in a research study will be treated the same as payments made to a non-employee, provided that all of the following conditions are met:

- i. The employee's participation is totally voluntary and not part of their University duties;
- ii. The employee's participation is on their own time;
- iii. The employee does not perform any service while participating in the research study that would be performed in the course of their regular duties for the University; and
- iv. The employee is being paid the same as all other participants of the study, with no added benefits for participating.

It is the responsibility of the paying department to assure that these conditions are met. If all of the conditions are satisfied, payment can be made according to the provisions of this policy. After the calendar year-end, a Form 1099-MISC will be issued to any employee who is paid \$2000 or more for their participation in research studies and all other non-employee compensation.

If any of the above conditions are not satisfied, then the Swift Card should not be used, and payments must be processed through Payroll by submitting a payment request through the Employee One-Time Payment System.

3. Types of Funds

Payments for research participants/patient studies will only be allowed on funds that provide for expenditures on Account Code 729950 – OC Patient Study Participants.