



## Human Subject Payments

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### Policy Statement

This policy establishes the tax reporting requirements and data-security protocols related to the payment of human subjects at Harvard. Individuals conducting Harvard research studies that compensate human subjects must collect and document all personal information necessary to comply with IRS tax-reporting regulations. High-risk confidential information must only be collected when necessary per this policy; any confidential information collected must be protected in accordance with the University's Enterprise Information Security Policy.

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### Reason for Policy

Harvard must satisfy certain IRS reporting obligations when making compensation payments to human subjects. The personal information Harvard collects in order to comply with IRS regulations is confidential, and Harvard has an obligation to protect it.

The policy also exists to reduce administrative burdens, and limit the exposure of high-risk data, by setting a reasonable dollar threshold that determines when Principal Investigators (PIs)/researchers must collect confidential information in certain situations.

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### Who Must Comply

All Harvard University schools, tubs, local units, Affiliate Institutions, Allied Institutions and University-wide Initiatives must comply.

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### Procedures

1. **Understand basic IRS rules for human subject payments.** The IRS treats human subject payments, whether cash, check, gift card or in-kind items (books, DVDs, etc.) as taxable income to the recipient. This means the recipient is supposed to report the payment when he or she files a personal tax return at the end of the year. As the payor, Harvard must follow IRS regulations. The tax treatment of human subject payments depends on the amount paid, the recipient's tax status, and whether the study takes place inside or outside the U.S.
  - A. Reporting: if the University pays \$600 or more to a US tax resident during the calendar year, then the University is required to report the payments to the IRS and issue the recipient a Form 1099. Payments to foreign nationals are reported on a Form 1042-S. Where reporting is required, Harvard must collect the recipient's full legal name, SSN/ITIN (or HUID), permanent address, mailing address (if different), and [Foreign National Information Form](#) (FNIF; for foreign nationals).
  - B. Employment Authorization for foreign nationals: foreign nationals may receive human subject payments in the U.S. only after obtaining authorization from their sponsoring agencies to receive compensation from Harvard University. Note that a Harvard-sponsored visa does NOT NECESSARILY include authorization to receive compensation from Harvard. If a foreign national does not have and cannot obtain authorization from his or her sponsoring agency to receive compensation from Harvard, the foreign national cannot be paid for participating in the study.



2. **Pay subjects according to tax reporting requirements.** Generally, payments of \$100 or less can be made by cash or gift card and do not require collection of a participant's SSN/ITIN (see exception in 5a); while payments over \$100 must be made by check. Requirements are summarized below; see Appendix A for decision tree.
  - A. **Scenario A:** \$100 or less paid to any participant (includes HU employees, see 6b for more information)
    - a. Can be paid by cash, bank gift card, other gift card, or in-kind items like books or DVDs; collect participant's full legal name only
    - b. Complete Subject Payment Form – Section I only. See Appendix B
  - B. **Scenario B:** Over \$100 paid to a U.S. tax resident
    - a. Must be paid by Accounts Payable check; collect full legal name, SSN/ITIN (or HUID), permanent address and mailing address (if different)
    - b. Recipient will need to be set up as a vendor in Oracle, if not already set up.
    - c. Complete Subject Payment Form – Section II only. See Appendix B
  - C. **Scenario C:** Over \$100 paid to a foreign national inside the U.S.
    - a. Must be paid by Accounts Payable check; collect full legal name, SSN/ITIN (or HUID), permanent address, mailing address (if different) and FNIF
    - b. Recipient will need to be set up as a vendor in Oracle, if not already set up.
    - c. Complete Subject Payment Form – Section II only. See Appendix B
  - D. **Scenario D:** Over \$100 paid to a foreign national outside the U.S.
    - a. Can be paid by cash, bank gift card, other gift card, or in-kind items like books or DVDs; collect participant's full legal name AND location statement (See Subject Payment Form, Section III)
    - b. Complete Subject Payment Form – Section III only. See Appendix B
  - E. Note that payments of any amount can always be made by Accounts Payable check, if desired.
    - a. Collect full legal name, SSN/ITIN (or HUID), permanent address and mailing address (if different) and FNIF (if foreign national)
    - b. Recipient will need to be set up as a vendor in Oracle, if not already set up.
    - c. Complete Subject Payment Form – Section II only. See Appendix B
3. **Use an appropriate payment mechanism**
  - A. Cash payments can be made from STOA's or petty cash accounts, depending on local policy.
  - B. Check payments must be made via central Accounts Payable.
  - C. Gift cards and in-kind items (books, DVDs) can be purchased via HCOM.
  - D. Use of the Corporate Card or personal funds with reimbursement is strongly discouraged.
4. **Preserve confidentiality.** Harvard must protect confidential information at all times, including during collection, payment processing, and storage. See the [University's Enterprise Information Security Policy](#) for more information. Omit confidential information from Payment Requests: finance offices must not submit confidential information with Payment Request supporting documentation to University Financial Services. When submitting Payment Requests, preparers must include only the following statement in the business-purpose field: "Confidential study [date]; the department securely maintains study data."
5. **Charge the proper object code.** When processing human subject payments, use the correct general ledger object code, 8273 "Subject Payments^Other Svcs."



- 6. Apply exceptions for special situations.** Certain types of human subject payments have special rules and are treated differently than described above.
- A. Aggregate subject payments of \$600 or more: to satisfy Harvard's Form 1099 reporting obligations, if a PI/researcher reasonably expects that aggregate payments to an individual will exceed \$600 in a calendar year (for example, when the participant is expected to receive fifteen separate \$50 gift cards over the course of a year-long study), the PI/researcher or designee must follow the steps in [Scenario B](#) above (for U.S. citizens, permanent residents and non-resident aliens) or [Scenario C](#) above (for foreign nationals) and must collect an SSN or ITIN.
  - B. Payments over \$100 to Harvard employees:
    - a. It is generally assumed that any Harvard employee participating in a human subject study will perform services that are substantially unrelated to his or her regular Harvard job. In such cases, human subject payments to Harvard employees must be processed as Payment Requests (rather than as Web Reimbursements).
    - b. In the unusual situation that the services a Harvard employee performs are in fact substantially similar to his or her regular Harvard job, the human subject payment must be paid as additional pay through the University's payroll system; contact your local payroll office for more information.
  - C. Reimbursements for actual travel expenses (e.g., parking, mileage, or tolls) to human subjects are not considered compensation by the University or the IRS and can be processed on a Non-Employee Reimbursement.
  - D. Payment/reimbursements to parents of minor (under 18 years old) subjects can be made directly to the parent of the minor.
  - E. Research integrity exception: cash payments over \$100 to human subjects are prohibited in most cases. However, if in rare circumstances an academic unit can demonstrate that the integrity of its research will be affected in a material, negative way unless compensation is made in cash over \$100, that unit may receive an exemption from the payment process of this policy with approval from the relevant tub financial dean or equivalent. A unit that receives such an exemption from the normal payment process of this policy is responsible for tracking all calendar-year cash payments over \$100, for collecting appropriate participant information (including name, address, and SSN or ITIN), and for forwarding this information to University Financial Services in the Office of the Controller in January of the subsequent calendar year.
- 7. Maintain required documentation.** In the event of an IRS or sponsored programs audit, it will be the joint responsibility of the PI/researcher and the related local finance office to supply all required supporting documentation for human subject payments made from the PI/researcher's accounts. PIs/researchers must securely maintain confidential study data needed to support payments to recipients. Central Administration retains supporting documentation in accordance with the University's records retention policy. Grant terms dictate sponsored research retention requirements, which may be longer.

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## Responsibilities and Contacts

**Financial deans** or equivalent tub financial officers and research administrative offices (or their equivalents) are responsible for ensuring that local units abide by this policy and the accompanying procedures. Tub finance and research administrative offices are responsible for implementing policy and procedures, principally by ensuring that payments to human subjects are made in accordance with IRS regulations, and that related confidential information is secure, per this policy.



**Principal Investigators (PIs)/researchers** are responsible for abiding by this policy and its accompanying procedures. In the event of an IRS audit, it will be the joint responsibility of the PI/researcher and the related local finance office to supply all required supporting documentation for human subject payments made from the PI/researcher's accounts.

**Local Finance Offices** involved in processing human subject payments are responsible for abiding by this policy and its accompanying procedures. In the event of an IRS audit, it will be the joint responsibility of the local finance office and the related PI/researcher to supply all required supporting documentation for human subject payments made from the PI/researcher's accounts.

**University Financial Services (UFS)**, within the Office of the Controller, is responsible for maintaining this policy and for implementing and supporting the operational procedures defined by this policy. Specifically, UFS is responsible for communicating this policy to tub financial deans. The Customer Relations Teams within UFS are responsible for assisting with policy-related questions and for providing human subject payment related training to tub and department administrators. **Contact: 617-495-8500**

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## Definitions

**High-risk confidential information:** includes a person's name in conjunction with the person's Social Security, credit or debit card, individual financial account, driver's license, state ID, or passport number, or a name in conjunction with biometric information or personally identifiable medical information about the named individual. Refer to the full Enterprise Security Policy for details.

**Human subject:** A volunteer participant in a research study. Any person participating in a research study is known as a human subject (participant). Under the federal regulations, human subjects are defined as: living individual(s) about whom an investigator conducting research obtains: 1) data through intervention or interaction with the individual or 2) identifiable private information.

**Individual Taxpayer Identification Number (ITIN):** A tax processing number issued by the IRS. It is a nine-digit number that always begins with the number 9. IRS issues ITINs to individuals who are required to have a U.S. taxpayer identification number but who do not have, and are not eligible to obtain, a Social Security Number. ITINs are issued regardless of immigration status because both resident and nonresident aliens may have U.S. tax return and payment responsibilities under the Internal Revenue Code.

**Foreign National Information Form (FNIF):** A form completed by foreign nationals and ultimately submitted to University Financial Services. The FNIF collects visa and other information to allow UFS employees to determine the subject's tax status. See link in Forms and Other Resources

**Foreign national:** An individual who is a citizen of any country other than the United States. These individuals are treated differently for tax purposes than U.S. tax residents.

**Location statement:** A statement signed by a human subject or PI/Researcher or designee verifying the country in which the subject participated in a research study. A sample of a Location Statement appears in Section III of the attached Subject Payment Form – see Appendix B.

**Principal Investigator (PI)/Researcher:** For the purposes of this policy, the person in charge of conducting a research study with human subjects as participants.



# HARVARD UNIVERSITY FINANCIAL POLICY

Responsible Office: UFS  
Date First Effective: 1/1/ 2011  
Revision Date: 6/30/2013

**U.S. Tax Resident:** a person who is subject to U.S. tax reporting rules. U.S. tax residents include:

- U.S. citizens
- Permanent residents: persons who are allowed to reside indefinitely within a country of which they are not citizens. For tax purposes, permanent residents are subjected to the same rules that apply to U.S. citizens and are taxed on their worldwide income.
- Resident aliens for U.S tax purposes: Defined by the IRS as foreign nationals who satisfy the substantial presence test. These individuals are taxed under the same rules that apply to U.S. citizens and are taxed on their worldwide income.

**Visa:** An official government document that gives someone permission to travel into a specific country and stay there for a set period of time.

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## Related Resources

Foreign National Information Form (FNIF): [http://able.harvard.edu/forms/FNIF\\_2008.pdf](http://able.harvard.edu/forms/FNIF_2008.pdf)

Information Security and Privacy, Enterprise Information Security  
Policy: <http://www.security.harvard.edu/enterprise-security-policy>

Statement of Policies and Procedures Governing the Use of Human Subjects in Research at Harvard  
University: [http://www.provost.harvard.edu/policies\\_guidelines/human\\_subjects.php](http://www.provost.harvard.edu/policies_guidelines/human_subjects.php)

Substantial Presence Test: <http://www.irs.gov/businesses/small/international/article/0,,id=96352,00.html>.

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## Revision History

6/30/2011: updated format and simplified procedures, added Appendices

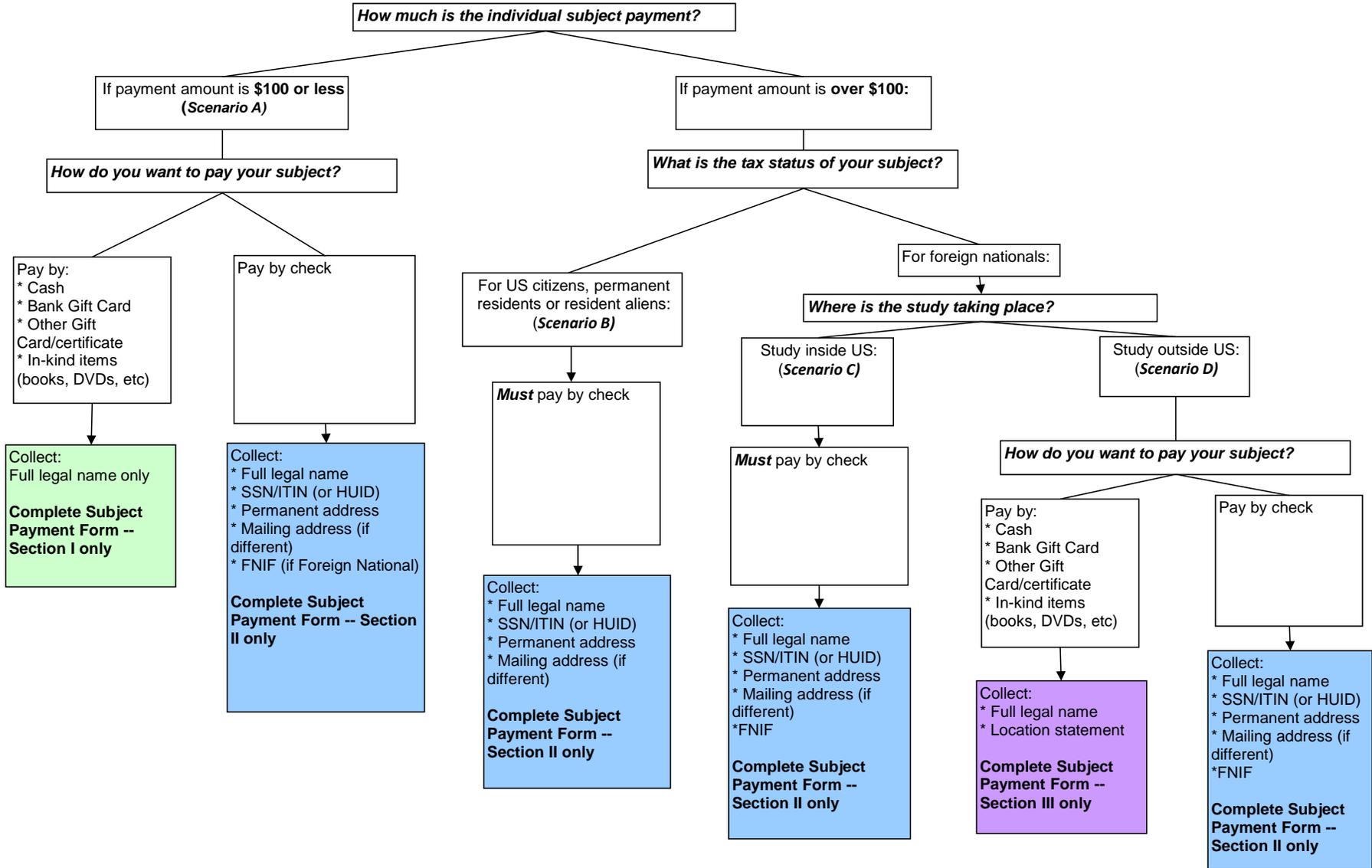
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## Appendices

**Appendix A:** Standard Human Subject Payments Policy Decision Tree

**Appendix B:** Subject Payment Form (includes Location Statement in Section III)

Appendix A: Standard Human Subject Payments Policy Decision Tree



Please note, this decision tree makes the following assumptions:

- Human subjects who are HU employees whose study participation *is similar to their HU job* must receive their study compensation as Additional Compensation paid via HU payroll.
- If a study participant can reasonably expect to receive over \$600 in a calendar year (e.g., will receive monthly \$80 payments for a study that lasts all year), the participant must be paid via check.
- Foreign nationals must be authorized by their sponsoring agency to receive compensation from Harvard PRIOR to participating in and receiving compensation for a study.
- This decision tree is intended to supplement -- not replace -- the Human Subject Payments policy. Users are strongly encouraged to familiarize themselves with the full policy.
- Social security numbers are high-risk confidential information. Researchers should not store SSNs, but should work with their business office to arrange prompt, secure handoff. See: <http://www.security.harvard.edu/enterprise-security-policy>
- A Harvard PI/Researcher must be aware of and fulfill any tax reporting obligations of the country in which a study is conducted. Contact Tax Reporting in the Office of the Controller with questions.
- Payment documentation must be retained 10 years for IRS purposes; sponsored research retention requirements may be longer.

# Appendix B:

## SUBJECT PAYMENT FORM

### Section I.

*For individual payments of \$100 or less paid by cash, bank gift card, other gift card, or in-kind items (e.g., books, toys) where payments are not expected to exceed \$600 in the calendar year.*

1. I will participate in a research study on \_\_\_\_\_ for compensation of \_\_\_\_\_.  
**Date** (mm/dd/yyyy)

2. Subject's Full Legal Name (print):

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3. Subject's Signature:

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4. Name of Study:

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# SUBJECT PAYMENT FORM

## Section II. PO# (optional) \_\_\_\_\_

*For check payments of ANY amount  
For individual payments of over \$100 inside the U.S. – payment by check is **REQUIRED**  
This information must be collected before study participation.*

1. Subject's Full Legal Name (print):

\_\_\_\_\_

2. Are you a US Citizen, Permanent Resident? YES \_\_\_\_\_ NO \_\_\_\_\_ If NO, complete 3a + 3b:

3a. Are you authorized by your sponsoring agency to receive compensation from Harvard?

YES \_\_\_\_\_ NO \_\_\_\_\_ (If NO, stop here and see PI/Researcher)

3b. Please attach a completed FNIF (Foreign National Information Form)

4. SSN/TIN or HUID: \_\_\_\_\_

*Why do we require a Social Security Number (SSN)?*

Payments for participating in a study are considered taxable income to the individual. Payments may be required to be reported to the Internal Revenue Service (IRS). The IRS requires the SSN be included on the report.

5. Permanent Address (REQUIRED):  
(Must NOT be a Dormitory address, Business, or PO Box)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. Check Mailing Address:  
(REQUIRED if different from permanent address)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7. I will participate in a research study on \_\_\_\_\_ for compensation of \_\_\_\_\_.  
Date (mm/dd/yyyy)

After you participate in a study, you will be paid by check. If you are a Foreign National, you may also be taxed (up to 30%) on your earnings depending on IRS regulations and Harvard University policies in conjunction with your home country taxation laws.

***TO BE SIGNED BY PARTICIPANT, OR BY PI/RESEARCHER COLLECTING THE INFORMATION  
if completed via phone call***

8a. Subject's Signature:

\_\_\_\_\_

OR

8b. PI/Researcher's Signature:

\_\_\_\_\_

# SUBJECT PAYMENT FORM

## Section III.

*For Foreign Nationals participating in studies in person or via the internet outside the U.S. and paid in cash, bank gift card, other gift card, or in-kind items (e.g., books, toys)*

Location statement to be completed by the participant:

I will participate in the \_\_\_\_\_ study

during the period \_\_\_\_\_ to \_\_\_\_\_

while located in the following country: \_\_\_\_\_.

1. Subject's Full Legal Name (print):

\_\_\_\_\_

2. Subject's Signature:

\_\_\_\_\_

**A Harvard PI/Researcher must be aware of and fulfill any tax reporting obligations of the country in which the study is conducted. Contact Tax Reporting in the Office of the Controller with questions.**

\_\_\_\_\_

## Section IV.

**For Lab Use Only (All fields REQUIRED)**

Professor AND Fund to charge: \_\_\_\_\_

Experimenter Name (Print): \_\_\_\_\_

Experimenter (Signature): \_\_\_\_\_

**Note on Data Security:** Personally identifiable information about individuals, including SSNs, is considered by Harvard to be High Risk Confidential Information (HRCI). Special protections required by law must be enacted by those collecting or storing high risk information. NOTE: Such information can never be stored on a laptop even if the laptop is encrypted. Researchers should not store SSN data, rather they should work with their local business office to develop a process for prompt, secure handoff.

For more information on protecting HRCI, see: <http://www.security.harvard.edu/enterprise-security-policy>