



## 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](#).

This policy does not cover the approval process required by Federal Regulations and Harvard policies governing human subject research. Broadly speaking, if the research involves intervention or interaction with human subjects or obtains identifiable data about them, the Institutional Review Board (IRB) must have reviewed and approved the research process before the work may start. **IRB review is required for all human subject research; regardless of funding source.** This policy assumes that the Principal Investigator (PI) or researcher has obtained IRB review.

For more information and guidance regarding whether activities constitute research with human subjects and/or require IRB review, see the [Office of the Vice Provost for Research](#) or contact the [Committee on the Use of Human Subjects](#) – Campus Area or the [Office of Human Research Administration for the Longwood Medical Area](#).

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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 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

- I. **Understand basic IRS rules for human subject payments.** The IRS treats human subject payments, whether cash, check, bank card, gift card/certificate 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: generally, if the University pays \$600 or more in service payments 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 information required for vendor set up: recipient's full legal name, SSN/ITIN (or HUID), permanent address, and mailing address (if different). For foreign nationals, additional documentation is required as indicated on the [Foreign Individual Vendor](#)



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[Request Form](#). Foreign nationals must also complete the online Glacier process.

- 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. See Common [VISA Types of Foreign National Guest Speakers](#) for additional guidance.

**II. 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 information while payments over \$100 must be made by check (see exception in [VI A](#) regarding U.S.-based study participants and earnings thresholds). Requirements are summarized below; see [Appendix A](#) for a decision tree. Note that payments of any amount can be made by check, if desired. Individual schools and units may have more restricted policies; check with your tub finance office for more information.

See [Human Subjects Payments](#) for various job aids.

<b>U.S.-Based Study</b>	
<b>Value \$100 or less (including Harvard Employee see section 6B for more information)</b>	
<b>Payment Type</b>	<b>Requirements and Processing</b>
Bank or Other Gift Card Cash Gifts-in-kind Items (e.g., books or DVDs)	<ul style="list-style-type: none"> <li>• Required: Signed receipt or acknowledgment of payment (see <a href="#">Appendix B</a>). Keep on file with PI/Office</li> <li>• Best Practice: Collect Full Legal Name (see <a href="#">Appendix B</a>) and keep on file with PI/Office</li> </ul>
Check	<ul style="list-style-type: none"> <li>• Financial Paperwork: (send to department processing the payment)</li> <li>• U.S. Citizen - W-9</li> <li>• Foreign National - Foreign Individual Vendor Request Form</li> <li>• Payment in Lieu of Invoice or Other Invoice</li> </ul>
<b>Value over \$100</b>	
Check	<ul style="list-style-type: none"> <li>• Financial Paperwork: (send to department processing the payment)</li> <li>• U.S. Citizen - W-9</li> <li>• Foreign National - Foreign Individual Vendor Request Form</li> <li>• Payment in Lieu of Invoice or Other Invoice</li> </ul>
<b>Foreign-Based Study – U.S. Tax Resident</b>	
<b>Value \$100 or less</b>	
<b>Payment Type</b>	<b>Requirements and Processing</b>
Bank or Other Gift Card Cash Gifts-in-kind Items (e.g., books or DVDs)	<ul style="list-style-type: none"> <li>• Required: Signed receipt or acknowledgement of payment (see <a href="#">Appendix B</a>). Keep on file with PI/Office</li> <li>• Best Practice: Collect Full Legal Name (<a href="#">Appendix B</a>) and keep on file with PI/Office.</li> </ul>
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<b>Value over \$100</b>	
Check	<ul style="list-style-type: none"> <li>• Financial Paperwork: (send to department processing the payment)</li> <li>• U.S. Citizen - W-9</li> <li>• Foreign National - Foreign Individual Vendor Request Form</li> <li>• Payment in Lieu of Invoice or Other Invoice</li> </ul>



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Foreign-Based Study – Foreign National	
<b>Value \$100 or less</b>	
Payment Type	Requirements and Processing
Bank or Other Gift Card Cash Gifts-in-kind Items (e.g., books or DVDs)	<ul style="list-style-type: none"> <li>• Required: Signed receipt or acknowledgement of payment (see <a href="#">Appendix B</a>). Keep on file with PI/Office</li> <li>• Best Practice: Collect Full Legal Name (see <a href="#">Appendix B</a>) and keep on file with PI/Office</li> </ul>
Check	<ul style="list-style-type: none"> <li>• Financial Paperwork: (send to department processing the payment)</li> <li>• U.S. Citizen - W-9</li> <li>• Foreign National - Foreign Individual Vendor Request Form</li> <li>• Payment in Lieu of Invoice or Other Invoice</li> </ul>
<b>Value over \$100</b>	
Bank or Other Gift Card Cash Gifts-in-kind Items (e.g., books or DVDs) Check	<ul style="list-style-type: none"> <li>• Required: Signed receipt or acknowledgement of payment (see <a href="#">Appendix B</a>). Keep on file with PI/Office</li> <li>• Best Practice: Collect Full Legal Name (see <a href="#">Appendix B</a>) and keep on file with PI/Office</li> <li>• Financial Paperwork: (send to department processing the payment)</li> <li>• U.S. Citizen - W-9</li> <li>• Foreign National - Foreign Individual Vendor Request Form</li> <li>• Payment in Lieu of Invoice or Other Invoice</li> </ul>

### III. Use an appropriate payment mechanism

- A. Cash payments can be made from Short Term Operating Accounts (STOA) 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 can be purchased via HCOM, declining balance card or corporate card if HCOM is not a viable option.
- D. Use of personal funds with reimbursement is strongly discouraged.
- E. When processing payments for gift cards, document the number of recipients and amount received in the business purpose (e.g., 20 gift cards at \$25 each for Study X on DATE).

**IV. 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 (PRs): finance offices must not submit confidential information with payment request supporting documentation to University Financial Services. When submitting Payment Requests for confidential studies, preparers must include only the following statement in the business-purpose field: “Confidential study [date]; the department securely maintains study data.”

**V. Charge the proper object code.** When processing human subject payments, use the correct general ledger object code, 8273 “Subject Payments^Other Svcs.” This object code should be used for payments of cash, check, or gifts to human subjects. Expenses for the transportation of human subjects to sites or researcher travel expenses to study sites or to present research should be charged to appropriate travel object codes. This object code should **not** be used to pay for research services, data analysis, survey software or on-line survey tools or data collection (e.g., SurveyMonkey, Qualtrix); please see related object codes below.



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Object Codes which may be more appropriate than Subject Payment Object Code		
6635	Data Acquisition for Research^Nonlibrary Books+Reprints+Subscriptions	Use for acquisition of data for use in research.
M784	Professional Services Object code range 7840-7984	M784 - professional services are defined as unique, technical services performed by an independent contractor/vendor who is qualified by education, experience and/or technical ability.  Professional services may include payments to: <ul style="list-style-type: none"> <li>• Hospital personnel</li> <li>• IT services including programming, website, and advisory services</li> <li>• Legal services</li> <li>• Management consulting, advisory services</li> <li>• Scientific and technical services, environmental health and safety testing</li> <li>• Publication-related services such as editorial services, writing and graphical design</li> </ul>
8273	Subject Payments^Other Svcs	Used for human research subject payments (e.g., cash, gift cards, gifts in kind)
8276	Research Svcs^Other Svcs	This object code should be used for general research services which do not fall in the M784 professional services range. Examples include payments to a company to organize a research study, analyze data, sample analysis, etc.

**VI. 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 for a U.S.-based study will meet or exceed \$600 in a calendar year (for example, when the participant is expected to receive fifteen separate \$50 payments over the course of a year-long study), the PI/researcher or designee must follow the steps to pay the individual by check collecting the appropriate paperwork for U.S. citizens, permanent residents and non-resident aliens or foreign nationals.
- B. Payments over \$100 to Harvard employees:
  1. 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 reimbursements).
  2. 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 as a Non-Employee Reimbursement using the appropriate object code.
- D. Payment/reimbursements to parents of minor (under 18 years old) subjects can be made directly to the parent of the minor.



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- 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 (due to content or confidentiality) 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 Central Accounts Payable in January of the subsequent calendar year.
- F. On-line survey tools: On-line survey tools such as Amazon’s Mechanical Turk (MTurk), RapidWorkers, Swagbucks, etc. do not require the participant’s name. However, a unique identifier (such as a worker ID) is collected. A report showing worker ID, date of payment and payment amount, may act as a receipt showing participation in the study. Ensure all online tools satisfy the [University’s Enterprise Information Security Policy](#) and [Cloud Service Providers](#).

**VII. 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, working with Central Accounts Payable, to supply all required supporting documentation for human subject payments made from the PI/researcher’s accounts. PIs/researchers must ensure all high-risk confidential information, including data relating to confidential studies, is maintained securely. Central Administration retains supporting documentation for any checks issued to an individual 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.

**Financial Policy Office (FPO)**, within the Office of the Controller, is responsible for coordinating with University stakeholders in maintaining this policy and supporting the operational procedures defined by this policy. Specifically, FPO is responsible for communicating this policy to tub financial deans. The Customer Relations Teams within Financial Administration are responsible for assisting with policy-related questions *Contact: 617-384-7487*.

**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.

**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.

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## Definitions

**Bank Card/Gift Card/Gift Certificate:** a prepaid stored-value card which can be redeemed later for goods or services, gift card and gift certificate are used interchangeably.

**High-Risk Confidential Information (HRCI):** includes a person's name in conjunction with the person's Social



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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:** 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.

**Glacier:** An online tool to collect visa and other information from foreign nationals to allow the University to determine the subject's tax status.

**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. 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.

**Service Payment:** Any type of payment made to the individual which fall under the category of honoraria, prize, award, work, or consulting.

**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 Individual Vendor Request Form](#)

[Global Support Services](#)

[Honoraria and Reimbursements for Foreign Nationals Policy](#)

[Information Security and Privacy, Enterprise Information Security Policy:](#)

Institutional Review Boards (IRBs)

[Committee on the Use of Human Subjects](#) – Serves as the IRB for the University-area

[Office of Human Research Administration \(OHRA\)](#) – Serves as the IRB for the Longwood Medical Area including Harvard Faculty of Medicine, Harvard T.H. Chan School of Public Health, and Harvard School of Dental Medicine.

[Policy for the Safety and Protection of Minors](#)



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[Training Materials](#) including Financial Administrator's Job aid and PI Guide

[Statement of Policies and Procedures Governing the Use of Human Subjects in Research at Harvard University](#)

[Substantial Presence Test](#)

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## Revision History

09/01/2017: Added a section regarding IRB approval, reduced required paperwork for payments of \$100 or less, added guidance on object codes and on-line data collection tools and created reference materials for payment collection.

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

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## Appendices

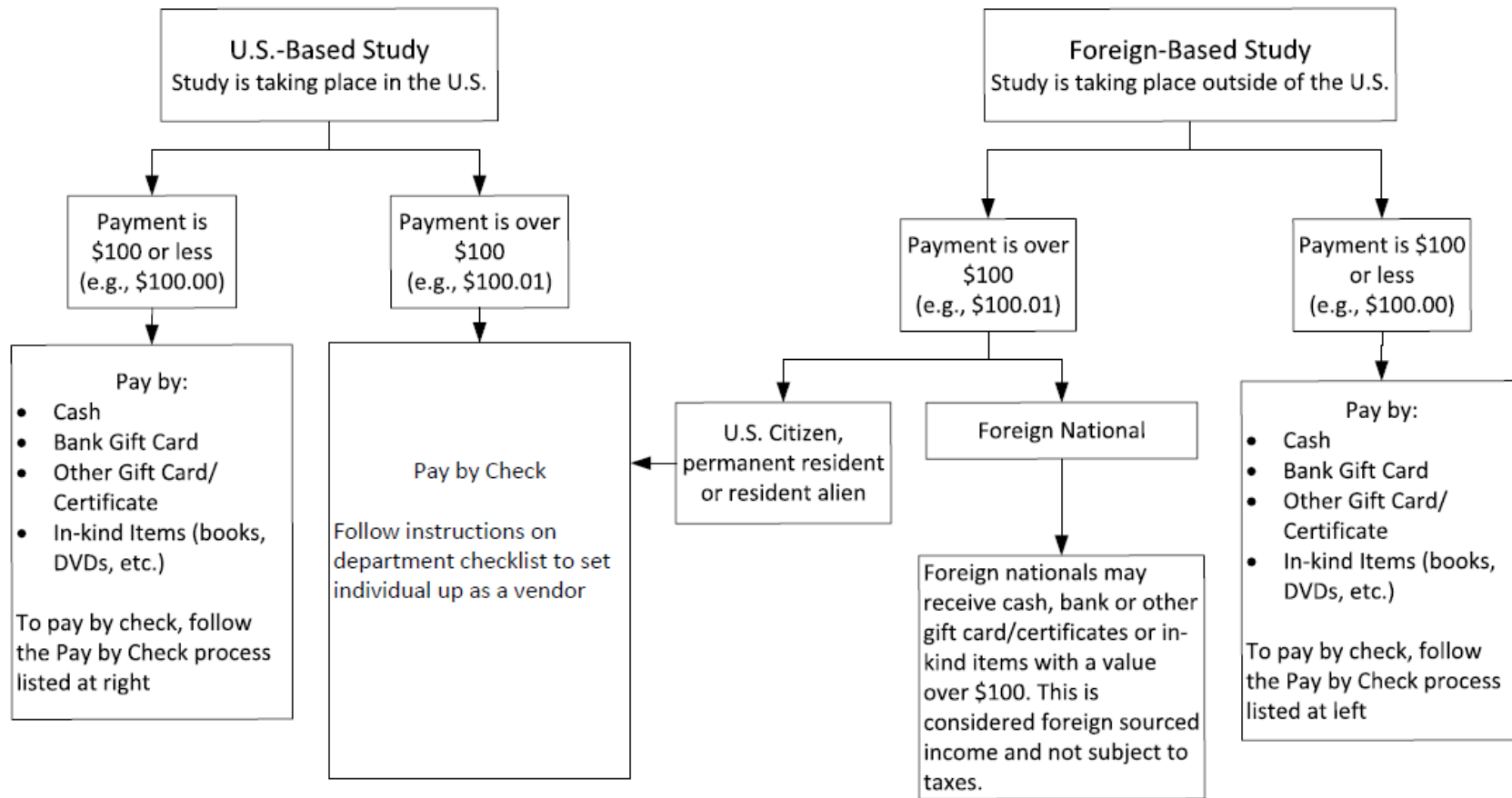
**Appendix A:** Standard Human Subject Payments Policy Decision Tree

**Appendix B:** Subject Payment Form Template





Appendix A  
Standard Human Subject Payments Policy Decision Tree



Please note the following:

- Refer to the full Human Subject Payments policy for additional information.
- If a U.S.-based study participant expects to receive over \$600 in a calendar year (e.g., will receive monthly \$80 payments for 12 months), all payments made to the participant must be made via check.
- Social security numbers (SSNs) and Tax ID Numbers (TINs) are high-risk confidential information. Researchers should not store forms containing these, but should work with their business/finance office to arrange prompt, secure handoff.