

Information

Payments for Research Study Participants

Effective

June 1, 2020

Applicability

This procedure applies to any University department wishing to provide payments to research study participants.

Administrative Authority

Vice President for Finance and Chief Financial Officer

Responsible Unit

Tax Department

Controller's Office

Louisville, KY 40292

502-852-3337

taxdept@louisville.edu

History

Revision Date(s): November 9, 2020; September 27, 2023; September 18, 2024; September 19, 2024; January 13, 2026; August 21, 2026 (minor edit)

Reviewed Date(s): September 19, 2024

Categories

Reason for Procedure:

The University of Louisville (University) requires the collection of names and social security numbers (SSNs) or individual taxpayer identification numbers (ITINs) from research study participants who receive payment from the University. This requirement is based on University policies on Prepaid Gift Cards and Paying Human Subjects and to comply with Internal Revenue Service (IRS) reporting regulations.

The IRS requires organizations to issue Form 1099-MISC to individuals receiving payments totaling \$2,000 or more during a calendar year (\$600 for 2025 or prior). The purpose of the procedures herein is to outline the appropriate methods necessary to gather and track research study participant tax information in compliance with University policies and IRS reporting requirements.

Statement:

The University has established the procedures herein to complement the University's policies on Prepaid Gift Cards and Paying Human Subjects. As outlined in the University Prepaid Gift Cards Policy, the University utilizes the Swift Prepaid Gift Card system (Swift system) for the gathering and tracking of all gift card transactions, including payment of gift cards to research study participants. The Swift system is a centralized payment tracking system that provides an audit trail of disbursement activity and is ideally suited for compiling data needed for tax compliance University-wide.

Regardless of the value of any payment, University departments and researchers are strongly encouraged to make use of the Swift system. Although departments and researchers are strongly encouraged to use the Swift system for all payments they provide to research study participants, other options may be appropriate when the value of the payment is minimal and/or the participant's anonymity is considered vital to the study. In no instances shall cash be allowed as a payment for participating in research studies.

Below is an outline of the appropriate methods to use when providing payment to research study participants. These methods were established to allow researchers more flexibility:

Values less than \$25

For payments less than \$25 in total value per recipient in a calendar year, departments may provide e-gift cards from approved retailers. See "Definitions" below for e-gift cards and approved retailers.

Departments may also provide small items of tangible property (pens, t-shirts, cups, etc.) in this tier as long as the total value of all payments provided is less than \$25 per recipient per year.

Subject to approval from the Controller's Office, departments may use a University Procard to purchase e-gift cards from approved retailers or tangible items for the purpose of providing payments in this tier.

Departmental staff **must** maintain proper controls and records regarding how payments were dispersed. While gathering of SSNs or ITINs is not required for payments less than \$25, departments should maintain recipient names and amounts for each issued item. Where anonymous participation is considered vital to the study, staff should document the nature of the anonymous study in detail and provide an adequate audit trail for how payments were ultimately utilized.

Values from \$25 - \$100

For payments of \$100 or less in total value per recipient in a calendar year, departments may provide e-gift cards from approved retailers. See "Definitions" below for e-gift cards and approved retailers.

Payments of tangible property should not be provided when the value of such property is \$25 or more.

Subject to approval from the Controller's Office, departments may use a University Procard to purchase e-gift cards from approved retailers for the purpose of providing payments in this tier.

Department staff **must** maintain proper controls and records regarding how payments are dispersed. While gathering of SSNs or ITINs is not required, departments shall, at a minimum, maintain a list of recipient names and amounts issued to each recipient. Payments should not be provided for studies requiring anonymous participation in this tier.

Values exceeding \$100

For payments exceeding \$100, departments shall only use the Swift system. An SSN or ITIN is required before any participant can receive a payment exceeding \$100. Neither gift cards from third party retailers nor tangible property should be provided when the value is more than \$100.

Additional rules relating to non-U.S. tax residents

Research study participants who are non-U.S. tax residents require different payment and tracking procedures than do U.S. residents. Generally, payments to non-U.S. tax residents require withholding of up to 30% of the value of the payment provided. Study participants who are not U.S. tax residents should be set up in the [GLACIER](#) tax compliance system prior to issuing any payment. Contact the University's Tax Department for details on how to set up a payment recipient in GLACIER.

University departmental staff and researchers involved in the payment of compensation to research study participants must understand the importance of tax compliance and familiarize themselves with the policies and procedures surrounding such payments. If any researcher or staff is aware, or has reason to be aware, that a study participant is receiving multiple incentives (not only from their department but from studies in other University departments), then the department shall **only** use the Swift system for making payments to that participant.

This procedure is subject to annual review and possible revision of threshold dollar values. The Tax Department will review supporting data related to payments made to research study participants as part of the department's annual review of 1099s issued to evaluate departmental compliance.

Related Information:

For more information on the Swift system, see the University's [Prepaid Gift Cards Policy](#).

[Paying Human Subjects](#)

[GLACIER Tax Compliance System](#)

[About Form W-9, Request for Taxpayer Identification Number and Certification](#)

[IRS Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities](#)

Definitions:

Approved Retailer - For purposes of this procedure only, approved retailers are as follows:

- Amazon
- Walmart
- Kroger

E-gift Card - For purposes of this procedure, an e-gift card is a gift card that is purchased online from an Approved Retailer's website and is valid only for purchases from such Approved Retailer. Tangible gift cards purchased at a physical retail site are not e-gift cards and are not permitted under this procedure. Gift cards that qualify for purchases at non-approved retailers (such as Panera or Texas Roadhouse) are likewise not permitted even if the gift card is purchased on an Approved Retailer's website.

Research Study Participants (or [Human Subjects](#)) - The individual receiving payment, incentives, or compensation for participating in a research study.

Tangible Property - For purposes of this procedure document only, tangible property is defined as a small item of property other than cash to incentivize participation in a research project. Such items should have a value of less than \$25. Examples include t-shirts, pens, cups, caps, etc.

Responsibilities:

University departments, staff, and researchers - Responsible for familiarizing themselves with this procedure and associated policies regarding the collection and tracking of research study participant payment data.

Controller's Office - Responsible for approving Procard purchases of gift cards from approved retailers. Provides feedback and consultation on procedures to departments/researchers, Tax Manager, and Audit Services.

Tax Department (Controller's Office) - Responsible for Form 1099 compliance and interpretation of this procedure. Reviews and updates this procedure document annually to assess dollar thresholds. Provides feedback and consultation to departments, researchers, and Audit Services.

Forms/Online Processes:

E-gift card purchases \$100 and under

Prepaid card purchases and any gift card over \$100