Compensating Human Subjects

Daniel Szajna, Associate Director of Compliance, Policy & Conflict of Interest Reviews
Office of Business and Financial Services (OBFS)
Topics

• Why Update the Human Subject Payment Policy?
• Updates to New Policy
• When is the University Required to Request Tax Reporting Information?
• Payments to Nonresident Aliens
• Compensating Human Subjects Without Requiring Tax Info
• Next Steps
Why Update the Human Subject Payment Policy?

• Audit Findings
  • Tax Reporting Requirements

• IRS Penalties
  • Fines
  • Additional Audits
  • Loss of Tax Status

• To Address Custodian Complaints
Updates to New Policy

• Requires tax information for payments in excess of $200
• Allows one advance per approved IRB protocol
• Allows an advance to remain open for 18 months, requires a reconciliation event every 90-day
When is the University Required to Request Tax Info?

• When payments are in excess of $200 in a calendar year
  • When total payments exceed $600 1099-MISC tax reporting is required; $200 threshold established for human subjects who participate in multiple studies
When is the University Required to Request Tax Info?

- When payments are requested to be made via check
  - Required to include human subject in our vendor database for check printing
When is the University Required to Request Tax Info?

• When human subject is a University employee **and** their employment was required to participate in the study
  • Tax reporting information provided in the form of a University Identification Number
  • Reporting and withholding provided on employee’s W-2
When is the University Required to Request Tax Info?

- When it is “known” or the University has “reason to know” the human subject is a nonresident alien
  - IRS requirement
Payments to Nonresident Aliens (NRA)

• How Does the University “Know” or “Have Reason to Know”?  
  • Being a NRA is a requirement of the inclusion criteria of the study  
  • Human subject self-identifies as a NRA  
  • Research conducted identifies the human subject as a NRA  
  • The University has information about the human subject identifying them as a NRA
Payments to Nonresident Aliens (NRA)

• Important Notes
  • The term NRA is defined by the IRS
  • Tax reporting has always been a requirement of the IRS and subsequently OBFS Policy
  • The policy does not require Custodians/Researchers to inquire about residency status
  • Gross payments to human subjects are equal
Compensating Human Subjects Without Required Tax Info

1. Do not issue payments which would exceed $200 in a calendar year
2. Do not require University employment in your inclusion criteria
3. Do not request payments to be made via check
4. Do not include non-resident alien as an inclusion criteria
5. Do not ask questions which would provide information identifying the human subject as a non-resident alien
Compensating Human Subjects Without Required Tax Info

Uncontrollable Aspects of Payments to Non-Resident Aliens

• Human subject self-identifies as a non-resident alien
• University has information identifying individual as non-resident alien
Next Steps

• Policy Go-Live 11/15/2017
• Updating University Payables Advance Procedures on the OBFS Web Page
• Send Comments to: obfspolicies@uillinois.edu
Questions