



# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER EL PASO

## Operating Policy and Procedure

### **HSCEP 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) El Paso 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 El Paso OP will be reviewed in June of each even-numbered year (ENY) by the Director of Tax Compliance and Reporting (TCR), the Director of Payment Services, and the Managing Director of the Research Integrity Office, with recommendations for revisions submitted to the Senior Vice President for Research and the Chief Financial Officer by July 15.

### **POLICY / PROCEDURES:**

#### **1. General**

- a. Research participant payments are those payments made by TTUHSC El Paso 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 [HSCEP 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 El Paso 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.

#### **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://elpaso.ttuhscc.edu/businessaffairs/paymentservices/Trainings.aspx>.

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://el Paso.ttuhs.edu/businessaffairs/paymentsservices/Forms.aspx> / 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 will be issued to departments with an expiration date. It is the responsibility of the department to request and activate cards in a timely manner. Cards that expire while in the possession of the department will be charged to the department's backup FOP (which was submitted on the card request form) at the rate of \$1.75 per card.

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 \$600 or more for their participation in research studies and all other non-employee compensation.

If any condition is not satisfied, employee payments must be processed through Payroll by submitting a payment request through the Employee One-Time Payment System. Payment will be reflected on the employee's next scheduled paycheck with applicable employment taxes withheld and will be reported on Form W2 after calendar year-end.

### 3. **Types of Funds**

Payments for research participants/patient studies will only be allowed on funds that provide for expenditures on Account Code 7L1400 – OL Patient/Subject Costs (state funds are not allowed).