



HUMAN SUBJECT PAYMENTS

Policy Title: Human Subject Payments  
Responsible Office: UFS  
Effective Date: 1/1/11  
Revision Date: N/A  
Policy Number: TAX102

**POLICY STATEMENT**

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, and collection is generally not required when issuing payments of \$100 or less. Any confidential information collected must be protected in accordance with the University’s Enterprise Information Security Policy.

This policy deals strictly with the tax reporting regulations and data-security protocols related to the payment of human subjects. For other policies and procedures related to the involvement of human subjects, refer to the “Related Policies” and “Related Documents” sections of this policy.

**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.

This policy is necessary to reasonably ensure the proper handling of confidential information and reasonably ensure compliance with IRS reporting requirements. 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 researchers must collect confidential information in certain situations.

**WHO MUST COMPLY**

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

**RESPONSIBILITIES**

Tubs: Tub 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: 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: 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): 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.



Policy Title: Human Subject  
Payments  
Responsible Office: UFS  
Effective Date: 1/1/11  
Revision Date: N/A  
Policy Number: TAX102

## RELATED POLICIES

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)

Petty Cash Policy: [http://vpf-web.harvard.edu/ofs/policies/documents/petty\\_cash\\_funds.pdf](http://vpf-web.harvard.edu/ofs/policies/documents/petty_cash_funds.pdf)

Short-Term Operating Advances Policy: [http://vpf-web.harvard.edu/ofs/policies/documents/short\\_term\\_opera\\_advan.pdf](http://vpf-web.harvard.edu/ofs/policies/documents/short_term_opera_advan.pdf)

FAS Policies and Procedures for Human Research Protection: [http://www.fas.harvard.edu/~research/hum\\_sub/documents/Policies\\_and\\_Procedures.pdf](http://www.fas.harvard.edu/~research/hum_sub/documents/Policies_and_Procedures.pdf)

HMS Committee on Human Studies Policies and Procedures: <http://www.hms.harvard.edu/orsp/human/IRBPoliciesAndProcedures.html>

SPH Office of Human Research Administration Policies and Procedures: <http://www.hsph.harvard.edu/research/human-research-administration/policiesprocedures/>

## RELATED RESOURCES

FAS Committee on the Use of Human Subjects in Research: [http://www.fas.harvard.edu/~research/hum\\_sub/index.html](http://www.fas.harvard.edu/~research/hum_sub/index.html)

HMS Committee on Human Studies: <http://www.hms.harvard.edu/orsp/human/human.html>

SPH Office of Human Research Administration: <http://www.hsph.harvard.edu/research/human-research-administration/index.html>

Office for Human Research Protections (OHRP), U.S. Department of Health and Human Services: <http://www.hhs.gov/ohrp/>

## DEFINITIONS

**Additional Pay Form:** An electronic form in Harvard’s PeopleSoft application, to be used by Harvard payroll administrators to add taxable income to an employee’s paycheck.

**Affiliate Institutions and Allied Institutions:** For a list of “Affiliate Institutions” and “Allied Institutions,” terms used in the “Who Must Comply” section of this policy, please see the Harvard University Fact Book, available from the Office of the Provost website, at [http://www.provost.harvard.edu/institutional\\_research/factbook.php](http://www.provost.harvard.edu/institutional_research/factbook.php)

**Bank gift card:** For the purposes of this policy, a bank gift card is a card (like a MasterCard or Visa) issued by a bank to the University. The University determines the amount of value on each card issued, say \$100. Bank gift cards may be issued to human subjects for participation in research studies. For tax reporting purposes, bank gift cards issued are considered cash payments.

**Confidential information:** See “High-risk confidential information.”

**Finance office:** For the purposes of this policy, a Harvard office responsible for administering University finance-related



Policy Title: Human Subject  
Payments  
Responsible Office: UFS  
Effective Date: 1/1/11  
Revision Date: N/A  
Policy Number: TAX102

activities—like processing Web Voucher reimbursement requests—on behalf of employees from an entire tub, or employees from a department or departments within a tub. These offices are distinct from University Financial Services, which serves as the central financial office for the entire University, working on behalf tub and department finance offices.

**Green card:** The well-known term for an Alien Registration Receipt Card. This plastic photo identification card is given to individuals who are legal permanent residents of the United States, and serves as a U.S. entry document in place of a visa. The key characteristic of a green card is that it allows the holder to live permanently in the United States. Green card holders are treated as U.S. citizens for tax purposes.

**High-risk confidential information:** The University’s Enterprise Security Policy provides the following definition: “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 about the named individual. High-risk confidential information also includes human subject information (see Section 1.2) and personally identifiable medical information (see Section 1.3).” Refer to the full Enterprise Security Policy (<http://www.security.harvard.edu/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 (available online at <http://able.harvard.edu/forms/FNIF.pdf>) 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.

**Foreign national:** An individual who is a citizen of any country other than the United States.

**Local finance office:** See “Finance office.”

**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. Samples of Location Statements appear in the “Procedures” portion of this policy.

**Participant:** See “Human subject.”

**Permanent resident:** A person who is allowed to reside indefinitely within a country of which he or she is not a citizen. For tax purposes, permanent residents are subjected to the same rules that apply to U.S. citizens.

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

**Resident alien for U.S tax purposes:** Defined by the IRS as a foreign national who satisfies the substantial presence test. (The substantial presence test can be found on the IRS website, at <http://www.irs.gov/businesses/small/international/article/0,,id=96352,00.html>.) These individuals are taxed under the same rules that apply to U.S. citizens and are be taxed on their worldwide income.

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



## PROCEDURES

### **Introduction**

The majority of the procedures section of this policy contains step-by-step instructions, based on different payment scenarios, to be used principally by PIs/Researchers or designees conducting research studies engaging human subjects. Other individuals besides PIs/Researchers or designees (like local finance office employees) can still derive the information necessary to properly process and document payments to human subjects by reading these scenarios. A few general rules apply to all of the scenarios, and those are discussed here.

### **Maintaining Confidentiality**

Any compensation records maintained by a department that contain confidential information must be maintained in a locked location or in a database on a secure server. PIs/Researchers or designees must divulge a subject's compensation history and/or confidential information **only** to employees with a valid business need **and** authorization to view confidential information.

Finance offices preparing Web Voucher Reimbursement forms and other payment requests must maintain all confidential information in a locked location. Finance offices must **not** submit confidential information with WV Reimbursement supporting documentation to University Financial Services. When submitting Web Voucher requests, preparers must include the following statement in the business-purpose field, with **no** additional information in the business-purpose field: "Confidential study [date]; the department securely maintains study data."

For details about protecting confidential information, including identifying users with authorization to view confidential information, see the University's Enterprise Information Security Policy, at <http://www.security.harvard.edu/enterprise-security-policy>.

Participants may provide their required information to the PI/Researcher via the following means:

- By mail or fax. If confidential information is required, participants must sign mailed or faxed documents.
- By e-mail, **only if no confidential information** is required.
- By phone or in person. If confidential information is required, the information given over the phone or in person by a participant must be documented in writing and signed by the PI/Researcher or designee receiving the information. Alternatively, when collecting information in person, the participant must sign the document(s) showing the required information.
- Online studies only: By completing an online form that contains the required information. *Such online forms can be used only if the online site and server are secure.* For details about protecting confidential information, see the University's Enterprise Information Security Policy, at <http://www.security.harvard.edu/enterprise-security-policy>

### **IRS and Sponsored Research Audits**

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. Central Administration retains supporting documentation for ten years. Grant terms dictate sponsored research retention requirements, which may be longer.

### **Use of Human Subject Payment Object Code**

Local finance offices processing human subject payments must use the correct general ledger object code, 8273 ("Subject Payments^Other Svcs.").

### **Reimbursements to Parents of Minor Subjects**



Policy Title: Human Subject  
Payments  
Responsible Office: UFS  
Effective Date: 1/1/11  
Revision Date: N/A  
Policy Number: TAX102

Reimbursement for actual travel expenses (e.g., parking, mileage, or tolls) to parents of human subjects who are minors is not considered compensation by the University or the IRS. For information on submitting reimbursement requests, please visit the Reimbursement and Card Services web page, at <http://vpf-web.harvard.edu/ofs/travel/index.shtml>

### **Exemptions from the Payment Process of this Policy**

In most scenarios, cash payments over \$100 to human subjects are prohibited by this policy. 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 via cash over \$100, that unit may receive an exemption from the payment process of this policy, but **only** 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 by January of the subsequent calendar year. (The exact date in January changes each year, depending on various factors. By early November of each year, UFS will specify an exact January deadline.)

There may be other situations in which a study might warrant an exemption from the payment processes of this policy, due to low risk of IRS non-compliance or other factors. One example would be a study conducted in New York state that gives individual participants at various roadside rest stops a one-time \$125 compensation payment. In this example, it is unlikely that a participant would receive any additional payments from Harvard during that calendar year and therefore would be in little danger of crossing the \$600 threshold for issuing a Form 1099. It must be noted that any and all such exceptions must be individually vetted and given written approval by the relevant tub financial dean or equivalent. A written exception must specify the particular study involved and the reason for the exception; ongoing exceptions or so-called “blanket exceptions” are not allowed. 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, including any written exceptions, for human subject payments made from the PI/Researcher’s accounts.

### **Procedures Overview**

There are four major factors that determine the specific procedures a PI/Researcher or designee must follow in a given situation when compensating a human subject. When dealing with any study participant, the PI/Researcher or designee must obtain the answers to the following four questions:

- Is the participant a U.S. citizen, permanent resident, or resident alien for U.S. tax purposes?
- Is the participant an employee of Harvard University?
- Is the study being conducted inside the U.S.?
- What is the amount of compensation, if any, that the participant will receive?

The chart below will allow the PI/Researcher or designee to determine the specific procedures he or she must follow, based on the above factors.

**Clarification on Harvard University employees:** Harvard employees include senior, junior, and visiting faculty, and other salaried academic appointments; exempt and non-exempt staff; and internal post-docs/research fellows (those paid by payroll object code 6150) and teaching assistants (those paid by payroll object code 6152). (Note: Temporary workers hired by Harvard through a third-party company, and workers classified as independent contractors by Harvard University local human resources offices, are not considered Harvard University employees.) A Harvard fellow, also called a stipendiary or external post doc (paid by payroll object codes 6450 and 6452), is **not** considered a Harvard employee. Such an individual has already been classified by University Financial Services. Harvard fellows **and** Harvard students are not considered Harvard employees for purposes of this policy.



**Procedures—Scenarios**

	Study is conducted <b>inside the U.S.</b>		Study is conducted <b>outside* the U.S.</b>	
	Participant is paid <b>\$100 or less</b>	Participant is paid <b>over \$100</b>	Participant is paid <b>\$100 or less</b>	Participant is paid <b>over \$100</b>
Participant is a <b>U.S. citizen or permanent resident</b>	See <b>Scenario A</b> , page 6	See <b>Scenario B</b> , page 8	See <b>Scenario A</b> , page 6	See <b>Scenario B</b> , page 8
Participant is a <b>Foreign National</b>	See <b>Scenario A</b> , page 6	See <b>Scenario C</b> , page 10	See <b>Scenario A</b> , page 6	See <b>Scenario D</b> , page 12

\* “Outside the U.S.” refers to where the activity occurs

**Scenario A: \$100 or Less Paid to Any Individual**

**Refer to this scenario if all of the following apply:**

- The study is conducted **inside or outside\* the U.S.**
- The one-time compensation amount to the participant is **\$100 or less.**
- There is a reasonable expectation that payments to the participant will not exceed \$600 during the calendar year (for example, the study will not pay \$100 per month for a full year, etc.)

**\* Note on studies for compensation conducted outside the U.S.** A Harvard PI/Researcher conducting a study abroad that provides compensation must be aware of, and fulfill, any tax obligations of the country in which that study is conducted. Questions about foreign tax laws can be directed to Tax Reporting in the Office of the Controller.

**i. Eligible forms of compensation to the participant:**

- **Cash:** For information on obtaining a petty cash account or a Short-Term Operating Advance, please contact your local tub finance office. See links to Petty Cash policy and Short-Term Operating Advance policy in Related Policies section above.
- **Check:** Check payments must be made by University Web Voucher check. If paying by check – even for amounts of \$100 or less – a participant’s SSN or ITIN (if a **non-Harvard** employee) **or** a participant’s Harvard University identification number (if a Harvard employee) is required.
- **Bank gift card:** Bank gift cards are considered cash equivalents and must be \$100 or less.
- **Gift card or gift certificate:** Gift cards and gift certificates are considered cash equivalents.
- **Tangible personal property:** Tangible personal property cannot be considered a gift, since the personal property is given as compensation for services in the study. Examples of tangible personal property are toys, CDs, books, etc.
- **Read this bullet only if the participant is a Harvard employee:**
  - If the services performed by the Harvard employee in the research study are **not** similar to the services performed in his or her regular job, then proceed to the next section (ii).



Policy Title: Human Subject  
Payments  
Responsible Office: UFS  
Effective Date: 1/1/11  
Revision Date: N/A  
Policy Number: TAX102

- If the services performed by the Harvard employee in the research study are similar to the services performed in his or her regular job, study compensation **must** be paid through the University's Payroll system, using an Additional Pay Form. The study compensation amounts will be included on the employee's Form W-2. If the participant is in this situation, stop here, collect his or her name and Harvard University identification number (**not** Social Security Number or ITIN), and complete an Additional Pay Form. For questions about completing and submitting the form, contact your local payroll office.

ii. Required information to collect from the participant engaging in an in-person or online study with compensation \$100 or less:

- Full legal name
- Payment by check only: If the participant is **not** a Harvard employee, collect the participant's Social Security Number or Individual Taxpayer Identification Number, and collect his or her permanent address (and mailing address, if different); if the participant **is** a Harvard employee, collect the participant's Harvard University identification number, **not** a Social Security Number or ITIN.
- **Note:** In this scenario, the PI/Researcher or designee **must not** collect Social Security Numbers or Individual Taxpayer Identification Numbers for the purpose of IRS tracking, unless a check is issued for compensation. An exception to this rule occurs whenever it is believed 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. In such cases, the PI/Researcher or designee must follow the steps in Scenario B (for U.S. citizens, permanent residents and non-resident aliens) or Scenario C (for foreign nationals) and **must** collect an SSN or ITIN (if the participant is a **non**-Harvard employee), **or** a Harvard University identification number (if the participant is a Harvard employee).

The PI/Researcher or designee **must verify that all required information is provided before giving compensation.** Please refer to Page 4, "Maintaining Confidentiality" for a list of acceptable means by which a participant may transfer this information to the PI/Researcher.

iii. Final steps to documenting compensation to the participant:

- Check payments to non-Harvard employees: If a check payment is required, the PI/Researcher or designee must submit the required information outlined above to his or her local finance office for processing. **Any request submitted by a PI/Researcher or designee that does not contain the required information and/or documentation will not be honored by the University and will not be processed.** For check payments, the local finance office (**not** University Financial Services) must create a vendor record of the check recipient in Oracle. Vendor records in Oracle require an SSN or ITIN for U.S. citizens, permanent residents, and resident aliens for U.S. tax purposes. After creating the vendor record in Oracle, the local finance office **must not** forward the confidential information to University Financial Services; the check recipient's SSN or ITIN has already been captured by Oracle for the purposes of IRS tracking. When submitting a check request, the local finance office must include the "who, what, when, where, and why" when documenting the business purpose. That is, the business purpose must indicate who is receiving the check, the name or nature of the research study, when the study was conducted, where the study was conducted, and that the request is for compensation for participation in a research study. In the case of a confidential study, preparers must include the following statement in the business-purpose field, with **no** additional information in the business-purpose field: "Confidential study [date]; the department securely maintains study data."
- Check payments to Harvard employees: A human subject payment to a Harvard employee must be processed as a Web Voucher Reimbursement (rather than as a Web Voucher Expense) when the services performed are dissimilar to the services performed in the employee's regular job. However, since the payment is not actually a reimbursement, finance offices must include the phrase "Human Subject Payment for Services - Not a Reimbursement" in the Note to Approver section of the WV Reimbursement, so that the Reimbursement and Card Services Office will know to forward the transaction to Accounts Payable for processing. Payments will be



expedited if departments attach a note to the actual WV Reimbursement form specifying that “the services performed in the research study were different from the services performed during the employee’s regular job.”

- When submitting a check request for a **non-confidential research study**, the local finance office must include the “who, what, when, where, and why” when documenting the business purpose. That is, the business purpose must indicate who is receiving the check, the name or nature of the research study, when the study was conducted, where the study was conducted, and that the request is for compensation for participation in a research study.
- In the case of a **confidential research study**, preparers must include the following statement in the business-purpose field, with **no** additional information in the business-purpose field: “Confidential study [date]; the department securely maintains study data.”
- **Important Note:** 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.
- Any PI/Researcher or designee who has questions about a potential participant’s eligibility for compensation should consult with his or her local finance office.

iv. Distributing the compensation to the participant:

- When providing cash, a bank gift card, a gift card, a gift certificate, or tangible personal property, compensation may be distributed at the time the required information outlined in this scenario is received from the participant.
- For compensation via check, the participant will receive the payment after University Financial Services has received the required information outlined in this scenario.

## **Scenario B: Over \$100 Paid to U.S. Citizen, Permanent Resident, or Resident Alien**

**Refer to this scenario if all of the following apply:**

- The study is conducted **inside or outside\* the U.S.**
- The participant in question is a **U.S. citizen, U.S. permanent resident, or resident alien for U.S. tax purposes.**
- The one-time compensation amount to the participant is **over \$100**

\* **Note on studies for compensation conducted outside the U.S.** A Harvard PI/Researcher conducting a study abroad that provides compensation must be aware of, and fulfill, any tax obligations of the country in which that study is conducted. Questions about foreign tax laws can be directed to the Office of the Controller.

i. Eligible forms of compensation to the participant:

- **Check:** Check payments must be made by University Web Voucher check.
- **Read this bullet only if the participant is a Harvard employee:**
  - If the services performed by the Harvard employee in the research study are **not** similar to the services performed in his or her regular job, then proceed to the next section (ii).
  - If the services performed by the Harvard employee in the research study are similar to the services performed in his or her regular job, study compensation **must** be paid through the University’s Payroll system, using an Additional Pay Form. The study compensation amounts will be included on the employee’s Form W-2. If the participant is in this situation, stop here, collect his or her name and Harvard University identification number (**not** Social Security Number or ITIN), and complete an Additional Pay Form. For questions about completing and submitting the form, contact your local payroll office.



ii. Required information to collect from the participant engaging in an in-person or online study with compensation over \$100:

- Full legal name
- Confirmation of status as U.S. citizen, permanent resident, or resident alien for U.S. tax purposes (i.e., the participant must self-identify that he or she is a U.S. citizen, permanent resident, or resident alien for U.S. tax purposes)
- If the participant is **not** a Harvard employee, collect the participant's Social Security Number or Individual Taxpayer Identification Number
- If the participant **is** a Harvard employee, collect the participant's Harvard University identification number, **not** a Social Security Number or ITIN
- Permanent legal address (cannot be a PO box, business, or dormitory)
- Mailing address (if different)

The PI/Researcher or designee **must verify that all required information is provided before giving compensation.** Please refer to Page 4, "Maintaining Confidentiality" for a list of acceptable means by which a participant may transfer this information to the PI/Researcher.

iii. Final steps to documenting compensation to the participant:

- Check payments to non-Harvard employees: The PI/Researcher or designee must submit the required information outlined above to his or her local finance office for processing. **Any request submitted by a PI/Researcher or designee that does not contain the required information and/or documentation will not be honored by the University and will not be processed.** For check payments, the local finance office (**not** University Financial Services) must create a vendor record of the check recipient in Oracle. Vendor records in Oracle require an SSN or ITIN for U.S. citizens, permanent residents, and resident aliens for U.S. tax purposes. After creating the vendor record in Oracle, the local finance office must **not** forward the confidential information to University Financial Services; the check recipient's SSN or ITIN has already been captured by Oracle for the purposes of IRS tracking. When submitting a check request, the local finance office must include the "who, what, when, where, and why" when documenting the business purpose. That is, the business purpose must indicate who is receiving the check, the name or nature of the research study, when the study was conducted, where the study was conducted, and that the request is for compensation for participation in a research study. In the case of a confidential study, preparers must include the following statement in the business-purpose field, with **no** additional information in the business-purpose field: "Confidential study [date]; the department securely maintains study data."
- Check payments to Harvard employees: A human subject payment to a Harvard employee must be processed as a Web Voucher Reimbursement (rather than as a Web Voucher Expense) when the services performed are dissimilar to the services performed in the employee's regular job. However, since the payment is not actually a reimbursement, finance offices must include the phrase "Human Subject Payment for Services - Not a Reimbursement" in the Note to Approver section of the WV Reimbursement, so that the Reimbursement and Card Services Office will know to forward the transaction to Accounts Payable for processing. Payments will be expedited if departments attach a note to the actual WV Reimbursement form specifying that "the services performed in the research study were different from the services performed during the employee's regular job."
  - When submitting a check request for a **non-confidential research study**, the local finance office must include the "who, what, when, where, and why" when documenting the business purpose. That is, the business purpose must indicate who is receiving the check, the name or nature of the research study, when the study was conducted, where the study was conducted, and that the request is for compensation for participation in a research study.
  - In the case of a **confidential research study**, preparers must include the following statement in the business-purpose field, with **no** additional information in the business-purpose field: "Confidential study [date]; the department securely maintains study data." No tax is withheld on these payments, and aggregate amounts above \$600 are reported on a Form 1099.
- A department giving a participant a bank gift card, gift card, gift certificate, or tangible personal property over \$100 as compensation must keep record of the recipient's required information as outlined above, and corresponding



amounts given to each recipient. The department's local finance office **must** report this information to University Financial Services by January of the subsequent calendar year. (The exact date in January changes each year, depending on various factors. By early November of each year, UFS will specify an exact January deadline.)

- **Important Note:** 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.
- Any PI/Researcher or designee who has questions about a potential participant's eligibility for compensation should consult with his or her local finance office.

iv. Distributing the compensation to the participant:

- The participant will receive the payment after University Financial Services has received the required information outlined above.

## Special Note on Foreign Nationals Participating in Studies

A foreign national may participate in a human subject study inside the U.S. for compensation only **after** obtaining authorization from his or her sponsoring agency to receive compensation from Harvard University. Note that the sponsoring agency can be Harvard University itself, **or** another sponsoring agency (such as another university); in either case, the participant must be authorized specifically to receive compensation from Harvard University. In some cases, a foreign national may have a Harvard-sponsored visa, but not have authorization from Harvard to receive compensation.

**After establishing that a potential U.S.-located study participant is a foreign national, the first question a PI/Researcher or designee should ask is,** "Are you authorized by your sponsoring agency to receive compensation from Harvard University?" If the answer is *yes*, the PI/Researcher or designee may proceed to gather the required information described in Scenario C. If the answer is *no*, then the participant can either attempt to obtain authorization from his or her sponsoring agency, or participate in a study on a voluntary basis without prior approval, provided he or she understands and agrees that no compensation will be received. It is the responsibility of the PI/Researcher or designee to make the conditions of voluntary participation clear to participants **before** engaging them in a study.

### Scenario C: Foreign National Paid Over \$100 Inside the U.S.

**Refer to this scenario if all of the following apply:**

- The study is conducted **inside the U.S.**
- The participant in question is a **foreign national** (defined as **not** a U.S. citizen, is **not** a U.S. permanent resident, or is **not** resident alien for U.S. tax purposes).
- The one-time compensation amount to the participant is **over \$100**

i. Eligible forms of compensation to the participant:

- **Check:** Via University Web Voucher
- **Read this bullet only if the participant is a Harvard employee:**
  - If the services performed by the Harvard employee in the research study are **not** similar to the services performed in his or her regular job, then proceed to the next section (ii).
  - If the services performed by the Harvard employee in the research study are similar to the services performed in his or her regular job, study compensation **must** be paid through the University's Payroll system, using an Additional Pay Form. The study compensation amounts will be included on the employee's Form W-2. If the participant is in this situation, stop here, collect his or her name and Harvard University identification number (**not** Social Security Number or ITIN), and complete an Additional Pay Form. For questions about completing and submitting the form, contact your local payroll office.



**ii. Required information to collect from the participant engaging in an in-person or online study (see “Important note on foreign nationals,” at the beginning of this section):**

- Full legal name
- Confirmation of status as a foreign national (i.e., the participant must self-identify that he or she is a foreign national)
- Permanent foreign legal address (cannot be a PO box, business, or dormitory)
- Mailing address (if different)
- Foreign National Information Form (FNIF, [http://able.harvard.edu/forms/FNIF\\_2008.pdf](http://able.harvard.edu/forms/FNIF_2008.pdf))
- Copy of I-94 departure information (that is, copy of white card inside passport)
- U.S. visa type (from passport)
- Copies of the following forms: I-20, DS2019, I797 (if applicable)
- Copy of proof of work authorization from sponsoring institution (if applicable)
- Social Security Number or Individual Taxpayer Identification Number
- **Read this bullet only if the participant is a Harvard employee:** In extremely rare cases, a participant in this scenario will be a Harvard employee. Before processing such a request, local finance offices are encouraged to contact University Financial Services. If the participant in this scenario is a Harvard employee, the PI/Researcher or designee must collect **only** the following information (confidential information like Social Security Numbers and FNIFs must **not** be collected from Harvard employees in this scenario, since an employee is presumed to have that information already securely on file at University Financial Services):
  - Full legal name
  - Harvard University identification number
  - Confirmation of status as a foreign national (i.e., the participant must self-identify that he or she is a foreign national)
  - Permanent legal address (cannot be a PO box, business, or dormitory)
  - Mailing address (if different)

The PI/Researcher or designee **must verify that all required information is provided before giving compensation.** Please refer to Page 4, “Maintaining Confidentiality” for a list of acceptable means by which a participant may transfer this information to the PI/Researcher.

**iii. Final steps to documenting compensation to the participant:**

- **Check payments to non-Harvard employees:** The PI/Researcher or designee must submit the required information described in this scenario to his or her local finance office for processing. **Any request submitted by a PIs/Researcher or designee that does not contain the required information and/or documentation will not be honored by the University and must not be processed.** For check payments, the local finance office must create a vendor record of the check recipient in Oracle. Vendor records in Oracle do **not** require an SSN or ITIN for a foreign national. The local finance office must securely submit the required information outlined above to University Financial Services when making a check request in this scenario. Finance offices should contact UFS if they have questions about securely submitting the required information. As indicated above, e-mail is **not** a secure method of submitting confidential information. When submitting a check request, the local finance office must include the “who, what, when, where, and why” when documenting the business purpose. That is, the business purpose must indicate who is receiving the check, the name or nature of the research study, when the study was conducted, where the study was conducted, and that the request is for compensation for participation in a research study. In the case of a confidential study, preparers must include the following statement in the business-purpose field, with **no** additional information in the business-purpose field: “Confidential study [date]; the department securely maintains study data.”
- **Check payments to Harvard employees:** A human subject payment to a Harvard employee must be processed as a Web Voucher Reimbursement (rather than as a Web Voucher Expense) when the services performed are dissimilar to the services performed in the employee’s regular job. However, since the payment is not actually a reimbursement, finance offices must include the phrase “Human Subject Payment for Services - Not a Reimbursement” in the Note to Approver section of the WV Reimbursement, so that the Reimbursement and Card



Services Office will know to forward the transaction to Accounts Payable for processing. Payments will be expedited if departments attach a note to the actual WV Reimbursement form specifying that “the services performed in the research study were different from the services performed during the employee’s regular job.”

- When submitting a check request for a **non-confidential research study**, the local finance office must include the “who, what, when, where, and why” when documenting the business purpose. That is, the business purpose must indicate who is receiving the check, the name or nature of the research study, when the study was conducted, where the study was conducted, and that the request is for compensation for participation in a research study.
- In the case of a **confidential research study**, preparers must include the following statement in the business-purpose field, with **no** additional information in the business-purpose field: “Confidential study [date]; the department securely maintains study data.” All amounts are reported on a Form 1042S.
- **Important Note:** 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.
- Any PI/Researcher or designee who has questions about a potential participant’s eligibility for compensation should consult with his or her local finance office.

iv. Distributing the compensation to the participant:

- The participant will receive compensation via check by mail, issued by University Financial Services following receipt of the required information from the PI/Researcher or designee’s local finance office.

## **Scenario D: Foreign National Paid Over \$100 Outside the U.S.**

**Refer to this scenario if all of the following apply:**

- The study is conducted **outside the U.S.**
- The participant in question is a **foreign national** (defined as **not** a U.S. citizen, is **not** a U.S. permanent resident, or is **not** resident alien for U.S. tax purposes).
- The one-time compensation amount to the participant is **over \$100**

\* **Note on studies for compensation conducted outside the U.S.** A Harvard PI/Researcher conducting a study abroad that provides compensation must be aware of, and fulfill, any tax obligations of the country in which that study is conducted. Questions about foreign tax laws can be directed to the Office of the Controller.

i. Eligible forms of compensation to the participant:

- **Cash:** For information on obtaining a petty cash account or a Short-Term Operating Advance, please contact your local tub finance office.
- **Check:** Check payments must be made by University Web Voucher check.
- **Bank gift card:** Bank gift cards are considered cash equivalents. Bank gift cards should be used only in limited situations. For questions about when to use gift cards, and how to obtain them for a research study if appropriate, please contact the Cash Management Office.
- **Gift card or gift certificate:** Gift cards and gift certificates are considered cash equivalents.
- **Tangible personal property:** Tangible personal property cannot be considered a gift, since the personal property is given as compensation for services in the study. Examples of tangible personal property are toys, CDs, books, etc.

ii. Required information to collect from the participant engaging in an in-person or online study outside the U.S.:

- Full legal name
- Confirmation of status as a non-U.S. citizen, non-permanent-U.S. resident, or non-resident alien for U.S. tax purposes



- Participant or PI/Researcher (or designee) must complete a location statement that indicates the date(s) the participant was engaged in the study and the country in which the study was conducted. See immediately below for two sample location statements. Local finance offices must **not** submit location statements to University Financial Services; location statements must be retained locally in the event of an audit.

**\*Please note that the foreign country in which the research is taking place may have tax or reporting requirements which necessitate collection of additional information from participants.** As noted above, a Harvard PI/Researcher conducting a study abroad that provides compensation must be aware of, and fulfill, any tax obligations of the country in which that study is conducted

**Sample Texts for Location Statement** (language included on Subject Payment Form Template)

"The following person(s) participated in the \_\_\_\_\_ study during the period \_\_\_\_\_ to \_\_\_\_\_. The study was located in the following country \_\_\_\_\_." PI/Researcher or designee must sign and print name, and include date.

"I participated in the \_\_\_\_\_ study during the period \_\_\_\_\_ to \_\_\_\_\_ while located in the following country \_\_\_\_\_." Subject must sign and print name, and include date.

The PI/Researcher or designee **must verify that all required information is provided before giving compensation.** Please refer to Page 4, "Maintaining Confidentiality" for a list of acceptable means by which a participant may transfer this information to the PI/Researcher.

iii. Final steps to documenting compensation to the participant:

- The PI/Researcher or designee must submit the required information described in this scenario to his or her local finance office for processing. **Any request submitted by a PI/Researcher or designee that does not contain the required information and/or documentation will not be honored by the University and must not be processed.** For check payments, the local finance office must create a vendor record of the check recipient in Oracle. Vendor records in Oracle do **not** require an SSN or ITIN for a foreign national. The local finance office must **not** submit confidential information to University Financial Services when making a check request in this scenario, but should indicate in the business purpose of the request that the study was located outside the U.S.
  - When submitting a check request for a **non-confidential research study**, the local finance office must include the "who, what, when, where, and why" when documenting the business purpose. That is, the business purpose must indicate who is receiving the check, the name or nature of the research study, when the study was conducted, where the study was conducted, and that the request is for compensation for participation in a research study.
  - In the case of a **confidential research study**, preparers must include the following statement in the business-purpose field, with **no** additional information in the business-purpose field: "Confidential study [date]; the department securely maintains study data."
- **Important Note:** 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.
- Any PI/Researcher who has questions about a potential participant's eligibility for compensation should consult with his or her local finance office.

iv. Distributing the compensation to the participant:

- When providing cash, a bank gift card, a gift card, a gift certificate, or tangible personal property, compensation may be distributed at the time the required information outlined in this scenario is received from the participant.
- For compensation via check, the participant will receive the payment after University Financial Services has received the required information outlined in this scenario.



Policy Title: Human Subject  
Payments  
Responsible Office: UFS  
Effective Date: 1/1/11  
Revision Date: N/A  
Policy Number: TAX102

## FORMS

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

Additional Pay Form: Accessed through Harvard's PeopleSoft application, go to "Entry Forms," under "Harvard Processes"

## CONTACTS AND SUBJECT MATTER EXPERTS

Local tub finance offices

University Financial Services Office, Customer Service Line: 617-495-8500

University Technology Security Officer, Contact Page: <http://www.security.harvard.edu/contact>

Cash Management Office: [http://able.harvard.edu/cash/cash\\_index.shtml](http://able.harvard.edu/cash/cash_index.shtml)

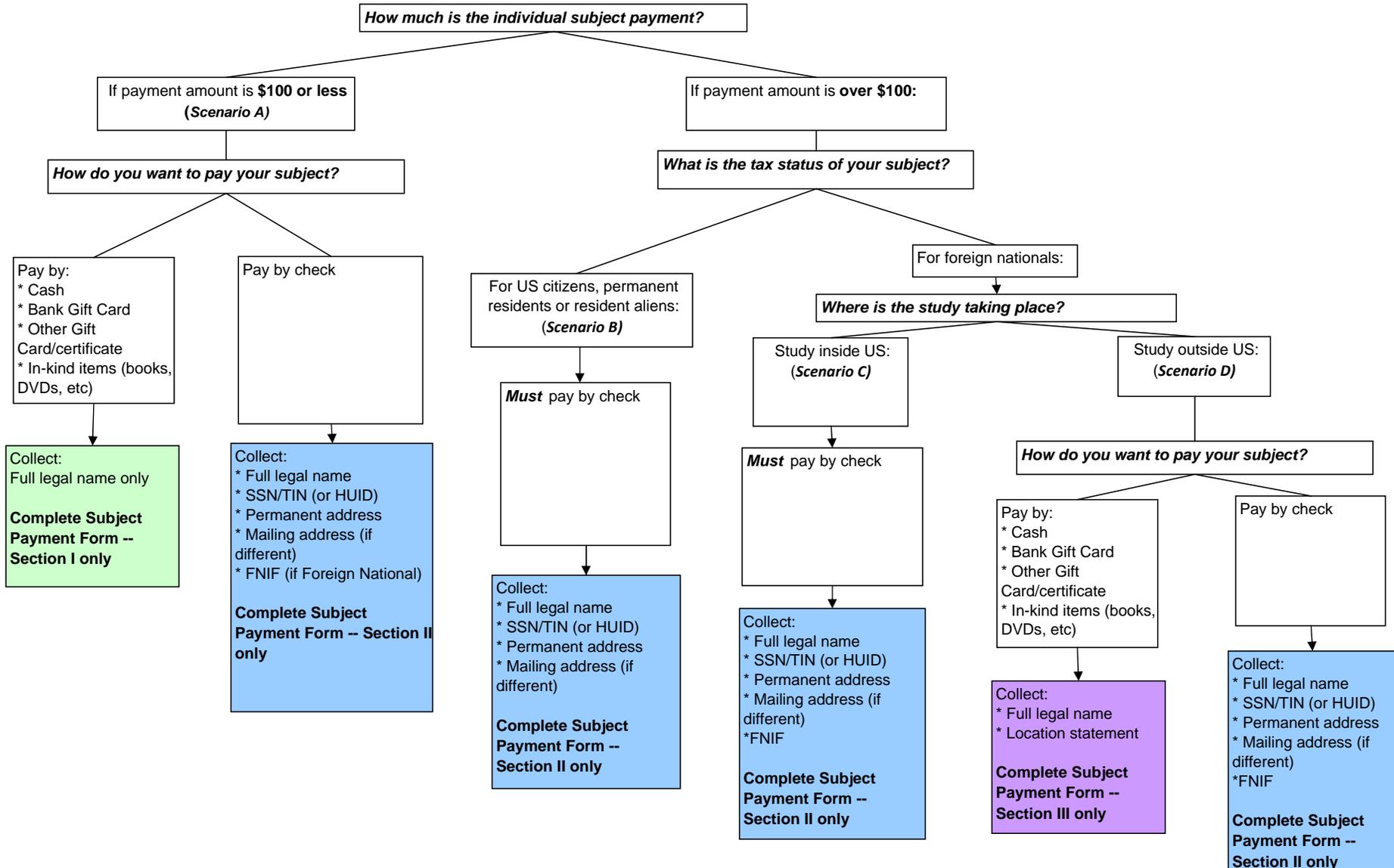
Key subject matter experts who provided input in the development of this policy included representatives from FAS, SPH, HMS, UIS, RMAS, OGC, and OSP.

## APPENDIX

Standard Human Subject Payments Policy Decision Tree



**Standard Human Subject Payments Policy Decision Tree**



Please note, this decision tree makes the following assumptions:

1. 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.
2. 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.
3. Foreign nationals must be authorized by their sponsoring agency to receive compensation from Harvard PRIOR to participating in and receiving compensation for a study.
4. 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, available at: (TBD)
5. 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>
6. 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.
7. Payment documentation must be retained 10 years for IRS purposes; sponsored research retention requirements may be longer.