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| DATE: July 1, 2022 |


# Research Subject Payments – Procedural Information

**Overview**

This document only addresses the procedures related to departments interacting with Accounts Payable regarding payment to study participants and tax reporting requirements as described in the [Research Subject Payments](https://www.rochester.edu/adminfinance/finance/accounts-payable/policies-and-procedures/) policy. This document does not cover procedures for obtaining and storing study participant data within departments as each protocol and department may have different procedural expectations.

All activities are the responsibility of the department unless it is specifically designated as a task for Accounts Payable to complete.

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| **Payment Mechanism** | **Advarra** | **Supplier Invoice Request (SIR)** | **Petty Cash** | **Gift Cards** | **Department Checking Account** |
| **Note** | Preferred |  |  | Should be rare | Exception required |
| **Payment Method** | * Reloadable debit card
* Direct deposit to bank account
* Paper check
 | Paper check | Cash | Gift Card | Paper check |

Regardless of Payment Mechanism, **How to determine** **if an individual is a US Citizen/Permanent Resident or a Nonresident Alien (NRA)**/ **Citizenship/Residency question:**

The IRS requires that we know, and inquire if necessary, the tax citizenship/residency status of all payment recipients. This can be accomplished by the department asking the payee to complete IRS Form W-9. If the payee declines or completes it without a valid tax identification number, then it is appropriate to proceed as if NRA reporting is required.

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| **Payment Mechanism** | **Advarra** | **Supplier Invoice Request (SIR)** | **Petty Cash** | **Gift Cards** | **Department Checking Account** |
| **When to collect W-9**  | As soon as you know the payee will receive >$275.00 in a single calendar year from the study. No later than the payment that puts the payee over $275.00. |
| **When to Send W-9 to Accounts Payable** | Email or mail as soon as W9 is collected.When sending W-9s to Accounts Payable, it is helpful to identify the method of payment used, such as noting on each “Advarra”. | Attach to the **Supplier Request** or **SIR** | Email or mail as soon as W-9 is collected.When sending W-9s to Accounts Payable, it is helpful to identify the method of payment used, such as noting on each “Petty Cash”.  |

**When to notify AP that your study subject is a nonresident alien:**

As soon as you are aware that the payee is a nonresident alien. The latest this should happen is when requesting a W-9 for payment beyond $275.00 for the year for that study.

* If submitting a **Supplier Request**, clearly indicate the payee is a nonresident alien along with their email address.
* The **Supplier Invoice Request Questionnaire** must be completed properly indicating the payee is an NRA.
* If previously paid other than using a **SIR** or catchup tax withholding is required: include in your communication a non-Grant FAO for incremental taxes.

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| **Payment Mechanism** | **Advarra** | **Supplier Invoice Request (SIR)** | **Petty Cash** | **Gift Cards** | **Department Checking Account** |
| **How to notify AP that NRA participated outside of the US** | When contacted for payee SSN, notify OCR/AP | Answer **SIR Questionnaire** appropriately | Note this in the data being sent to AP at end of calendar year |
| **When does tax withholding occur for US citizens/resident aliens** | At the time the individual files their US income tax return. Tax is rarely withheld from AP payments to US citizens and resident aliens. |
| **When does tax withholding occur for nonresident aliens** | Withholding taxes from the payment is not possible for this payment mechanism. Once it is known the payee is an NRA, notify AP and make all subsequent payments via **SIR**. | Tax withholding is done when the **SIR** is processed so that the NRA payee receives a payment that is net of taxes withheld. | Withholding taxes from the payment is not possible for this payment mechanism. Once it is known the payee is an NRA, notify AP and make all subsequent payments via **SIR**. |
| **Department required to submit payee information and payment amounts to Account Payable** | No. Payee address and TIN should be entered in Advarra. AP obtains payee and payment information from Advarra. | No, AP obtains payee and payment information from Workday. | Yes. Send to AP on or before December 31 of the calendar year. A courtesy email/reminder is usually provided in December with up to a one-week grace period.  |
| **What does AP do with the data** | Accounts Payable consolidates all the payee payments across all payment mechanisms/systems to determine if the overall combined total of payments require tax reporting. If any are identified, Accounts Payable may need to contact the department for more information about the payee (for example name clarification, SSN, or address confirmation) so that tax reporting can be completed accurately. |

**How does tax withholding occur for payments made to nonresident aliens:**

Accounts Payable reduces the SIR payment amount by the IRS-required 30% (for study participation, prizes/awards, and many other situations) for taxes.

* If catchup withholding is required, the additional withholding that should have previously taken place is added to this tax amount by AP. If the study payment amount for that SIR would be eliminated by any past taxes that were not withheld, only a portion of the past taxes will be withheld from the SIR.
* The tax amount is credited to a tax withholding account for remittance to the IRS at the end of the month.
* At the end of the calendar year, Accounts Payable will gross up the payments for taxes that were not withheld. A journal will be submitted to charge the non-Grant FAO provided by the department for the taxes that will be reported for those payments.