University of Rochester

Research Subject Payment Policy

2026 Updates

Policy Updates

Research Subject Payments Policy

This year's updates are intended to further ease the administrative burden on departments

- **Research Subject**
  Aligning with policy title: replace references to "study subject" with "research subject"

- **Policy references**
  Instead of listing and defining the other payees on a study, identify the other applicable
  - policies: Honorarium, Worker Classification
  - resource: Independent Contractor website

- **W9 Requirement**
  Starting in 2026, the threshold for requiring a W9 is $1500

- **Payment Methods**
  - Participant Payment System required unless an exception is approved
  - Candex for payments to nonresident alien research subjects

- **IRS Reporting threshold**
  Changed to $2000 and will be indexed annually.

Terminology

Official IRS terminology:

- Resident alien for tax purposes or Resident alien
- Nonresident alien for tax purposes or Nonresident alien
- This terminology aligns with payroll guides as well

Consent form template:

If you are not a U.S. citizen or permanent resident, we might need to change how we pay you and withhold 30% of your payment for taxes.

Threshold – W9 Requests

- Study team must request W9 if the research subject will be paid $1,500+ in your protocol, in the calendar year

- Accounts Payable is responsible for accurate IRS reporting of these payments. Therefore, AP monitors activity that may require reporting to ensure we have proper documentation if/when required.

  - If a research subject reaches $1,500 due to being in multiple studies, then AP will reach out, with OCR assistance as needed, if any payments are made through the Participant Payment System, to request W9.

Consent form template:

To get paid and complete the tax form, you need to give your name, address, and Social Security Number (SSN). The University requires this information if you earn $1,500 or more from research in a year, but it will only report your earnings to the IRS if you earn more than the IRS 1099 reporting amount from the University during a year.

Policy & Resource References

Resources

Research Subject Payment Procedures

Related Policies

- Honorarium Policy
- Payments to Foreign Nationals
- Petty Cash Policy
- Worker Classification: Employee vs. Independent Contractor

Honorarium Policy

Honorarium Policy: Defines the circumstances under which honoraria may be paid. Information on criteria, visa eligibility/requirements, tax withholding and reporting, as well as documentation requirements.

- Keys:
  - Honoraria may **not** be paid to:
    - a current employee of the University (whether that employee is permanent, temporary, part-time, or full-time)
    - a current University student
    - a business
    - **Therefore, payments on protocols that are classified as Honoraria,** not research subject payments, **to a current employee or University student must be paid**
      1) **Via myurhr functionality when the individual has an employment position**
      2) **Following Independent Contractor Guidance when the individual is a UR Student without any employment positions**
  - **Non-employees/Non-students must be paid Honoraria via Candex**

Other Policies

Payments to Foreign Nationals: Information regarding payments to nonresident aliens for services and prizes/awards that are taxable and require tax withholding

- ❖ Updates to this policy are planned and will clarify compliance with IRS regulations

Petty Cash Policy: Policy governing establishment and use of petty cash funds

- ❖ No changes to this policy are planned.
- ❖ Note that the Research Subject Procedure Guide indicates:

Petty Cash Funds: Petty cash funds are **no longer endorsed** for research subject payments due to the risks associated with handling cash. For guidance on closing a petty cash fund, review the FR&AO Policies and Procedures > Petty Cash Policy and contact GeneralAccounting@UR.Rochester.edu with any questions

Worker Classification: Employee vs. Independent Contractor: Provides the procedures for assessing whether an individual performing services for the University is properly classified as a University employee or as an independent contractor

Resources

Resources

The **Research Subject Payment Procedures** provides information on procedural details, including additional forms and resources, related to information collection and reporting to Accounts Payable.

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Payment Methods

To better streamline processes and take advantage of the benefits of technologies the University has invested in, we need to eliminate or reduce use of risky and/or inefficient payment methods.

Below is an abbreviated list of payment methods available for payment to research subjects. Additional details can be found in the Paying Research Subjects guide which outlines authorized methods for compensating research subjects. Payments using systems or mechanisms outside authorized methods are prohibited.

Authorized Payment Methods

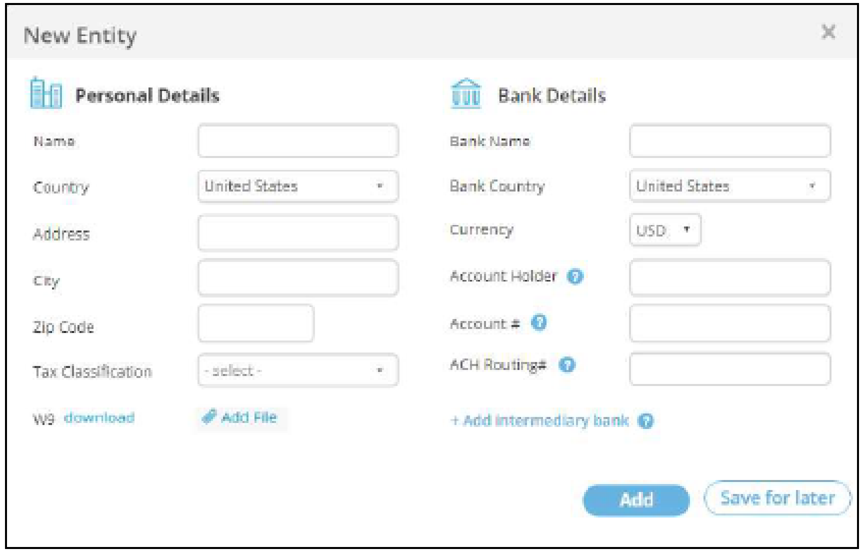
- Participant Payment system: Use is required for IRB-approved studies unless an exception is approved.
- Candex**:** Use for all research subject payments to non-US persons and project payments not requiring IRB approval.

Candex Registration

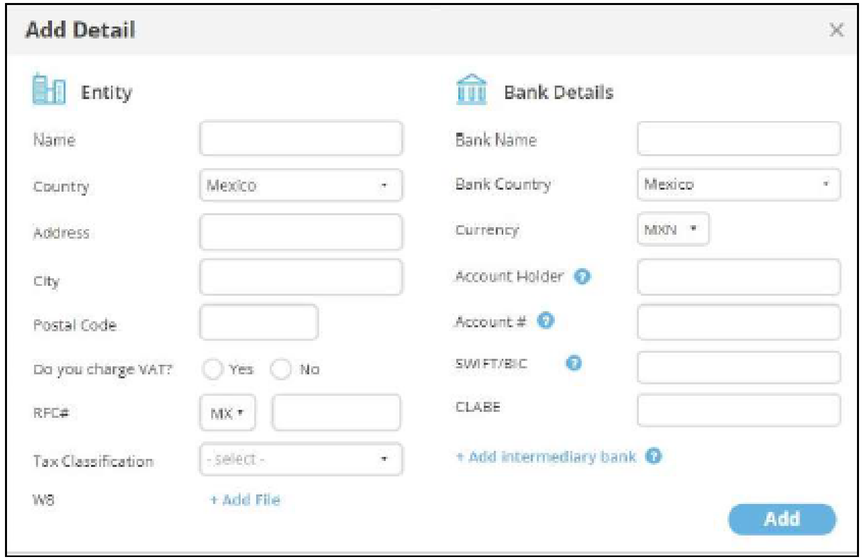
- Payees must register in Candex to obtain payment
- Candex is the official payor and must comply with the same banking and IRS requirements as UR, specifically among others: know your customer (KYC)
- Due to these regulations, Candex always requests a W9 or W8BEN when a tax-reportable payment category is indicated, ***even if the reporting threshold is not met***

The Personal and Bank Details screen appears. Different fields appear depending on your country of residence and bank location.

US Resident:

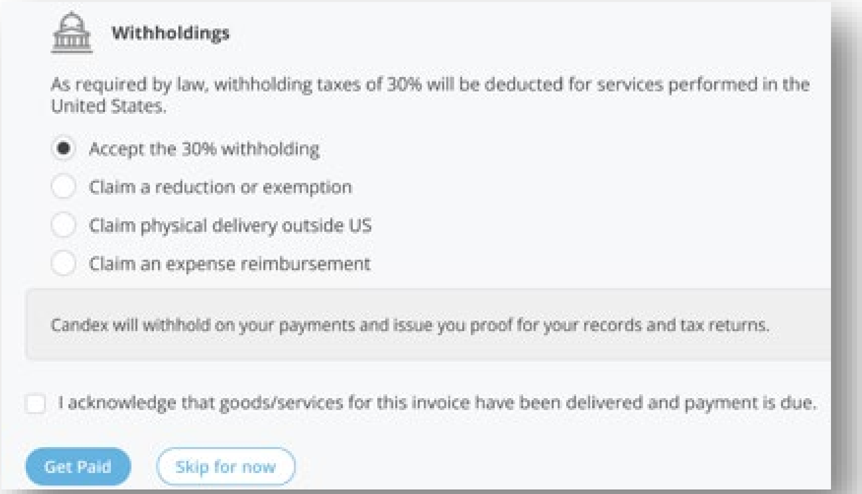


Foreign Resident:



Candex Tax Reporting Requirements

- ❖ For nonresidents for tax purposes, there is a subsequent tax question when a tax-reportable category is designated:



- ❖ Tax-reportable Candex Categories include: *Study Subjects*, *Honoraria*, *Prizes and Awards*
- ❖ For US/1099-reportable payees, Candex requires more of a research subject than if paid by UR because a W9 does not have to be provided until going to be paid $1,500+
  - **For nonresident aliens for tax purposes, Candex is far less work for study coordinators and the payee** compared to paying via Workday Supplier Invoice Request, which requires Sprintax

Other Payment Methods

- **Additional action required:** All other payment methods require the department to report the payments to Accounts Payable for consolidated tax reporting.
- Since tax withholding is not possible with any of these other payment methods, **they cannot be used for research subject payments to nonresident aliens for tax purposes**.

❖ Gift Cards/Certificates
  - Remember this is the only time a gift card/certificate can be given to an employee. **Never** give gift cards to employees for any reason other than as a research subject.

❖ Online Survey Tool

❖ Gift

All other forms of payment are unauthorized

Approval for Exceptions: If you are considering a payment method not listed in the Authorized or Other sections, you must first email AccountsPayable@ur.Rochester.edu with the subject line: Research Subject Payment Exception. Include a detailed explanation of why the authorized and acceptable payment methods cannot be used. Payments to research subjects should not proceed without prior approval.

Procedures – Tax Forms

Forwarding the W9(s) to Accounts Payable

- For all payment methods *not paid through Workday* (Candex, Supplier Invoice Request or Miscellaneous Payment Request), research subject W9s should be emailed to AccountsPayable@finance.rochester.edu.
- The Subject line of the email should include "W9" and some indication of how the individual was paid.
    - It is helpful if the file name for each W9 includes the name on the form, for example: Mary Smith.pdf.
- Participant Payment System: Remember to enter the subject's name, social security number, and address into the system.

Discarding of W9s

After emailing AP or attaching the W9 in Workday, the study team should destroy the W9s since they contain Personally Identifiable Information and are considered confidential. Accounts Payable is the only department that can store W9s.

- AP will confirm receipt of the W9s – it is ok to wait for that confirmation before destroying W9s.

Procedures – Nonresident Aliens for Tax Purposes

IRS requirements

- The IRS requires that we know, and inquire if necessary*, the tax citizenship/residency status of all payment recipients.
- Research subject payments require 30% federal tax withholding at the time of payment
  - If study participation occurred **entirely outside the U.S.**, withholding is not required.
  - Ensure this is clearly documented on the payment request to avoid delays and tax withholding confusion.

- **Payment**: Use Candex to make it easy

*Some individuals may self-identify as not being a US Citizen for tax reporting purposes

- Otherwise, the study team would identify an individual as a nonresident alien for tax purposes when the study team requests the individual to complete a W9 (individual will be known to reach $1,500.00 within the calendar year for that protocol).
- If the payee declines or completes it without a valid tax identification number, as determined by Accounts Payable, then proceed as if the individual is a nonresident alien for tax purposes.

Procedures – Reporting Payments to AP

<u>When Reporting is automated/streamlined</u>

- ❖ Participant Payment System and payments initiated in Workday (Candex, Supplier Invoice Request, Miscellaneous Payment Request) do not require any additional action.
- ❖ Do <u>not</u> send any reports to Accounts Payable for these payments.

<u>When Departmental reporting is required</u>

- ❖ **Any time the Participant Payment System or Workday is not utilized to initiate payment.**
- ❖ For each individual paid, report regardless of amount:
  - First and last name
  - Address
  - Social Security Number
  - Total amount paid (for the calendar year)
  - W9 for any individual paid $1,500+
- ❖ Use the <u>Reporting of Taxable Payments</u> spreadsheet template.
- ❖ Email to <u>AccountsPayable@ur.rochester.edu</u> with subject "Tax reportable payments report."
- ❖ Deadline: Data should be reported for calendar year. Submit to AP as 12/31 or when your last payment is made for the year (when you know totals for all payees)

Training & Resources

Reference Materials

Research Subject Payments Policy
Research Subject Procedures
Making Payments with Candex

Information Sessions

Wednesday, **June 10** 1-1:30PM
Thursday, **June 18** 1-1:30PM
Thursday, **June 25** 1:30-2PM
Zoom link for all sessions: click here
Recording will be posted online

Contact

Email AccountsPayable@ur.Rochester.edu with questions

Announcements at the following meetings:

Wednesday, **June 3** 9:30-10AM Study Coordinators Organization for Research and Education (SCORE)
Tuesday, **June 9** 10-11AM P2P User Group
Wednesday, **June 30** 9-10AM Research Administrators and Research Accountants
TBD Medical School Administrator Group
September, TBD River Campus Administrator Group

Questions

Contact:

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Thank you