
From: Carus, Jose
Sent: Friday, November 14, 2008 2:43 PM
To: 'dbr-list@lists.wisc.edu'
Subject: Research Subject Payments to UW Employees

DATE: October 14, 2008

MEMO TO: Departmental Business Representatives

FROM: Jose A. Carus, Jr.
Tax Compliance Manager

SUBJECT: Research Subject Payments to UW Employees

At the request of the campus community, Business Services has been reviewing the issue of how to pay research subject payments to UW employees. The reason for this review was to determine if research subject payments to employee need to be payrolled or if they can be made through Accounting Services.

Our review has concluded that according to an IRS Technical Advice Memorandum, serving as research subject is not a trade or business. A payment to a research subject is neither a case of self employment income or wages. Therefore there is no requirement to report research subject payments on a W-2 or withhold taxes and FICA from it.

Based on our findings research subject payments can be processed through Accounting Services for both employees and non-employees.

We will be updating Accounting Services policy **103-Payments to Human Subjects** and its associated procedures to include the resolution of this issue. Please make sure to reference policy **103-Payments to Human Subjects** and its associated procedures when making payments to Human Subjects.

Thanks.

Jose



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