

A Guide to Offering Gift Certificates or Cash Payments in Research

Researchers may offer participants cash incentives or gift certificates as forms of compensation for their research participation. Truman’s Institutional Review Board allows compensation of a modest size and prohibits any compensation that is considered excessive or coercive (see the [IRB’s Policy Statement](#)).

Participants may be offered cash or gift certificates. **Note that both forms of compensation may be taxable (see the chart below).** This also means that the actual value of the incentive may be lower for participants, and that nonresident aliens, such as international students, may be subject to 30% withholding.

Allowable Prizes, Awards, & Gifts

Please refer to the official Awards-Gifts-Prizes policy for expanded rules and clarification. This chart is only a guide and is not meant to supersede the written policy. Contact the Business Office before purchasing gifts, awards, or prizes to ensure an expense is allowable.

	Employee Rules		Non-Employee Rules	
	Gift Form Required	Taxable	Gift Form Required	Taxable
Cash	✓	✓	✓	Possible**
Gift Cards and Gift Certificates	✓	✓	✓	Possible**
Tangible Property (books, trophies, plaques, apparel, etc.)	✓	Possible*	If gift exceeds \$75	Possible**
Occasional tickets to theater or sporting events	✓	Possible*	If gift exceeds \$75	Possible**
Prizes not involving the purchase of a ticket of chance	✓	Possible*	✓	Possible**
All prizes, gifts and awards to nonresident aliens	✓	Subject to 30% withholding	✓	Subject to 30% withholding

* Infrequent noncash awards and gifts of nominal value given to employees are not reported as taxable compensation. Cash and/or gift certificates are always reported as taxable to the employee on Form W-2 or 1042-S, regardless of the value. Gifts may only exceed \$100.00 if given as a campus wide program or if appropriate approval is received.

** Prizes, awards, and gifts given to non-employees are generally considered reportable as taxable income if cumulative gifts in a calendar year equal or exceed \$600.00. The University will file a Form 1099-MISC or 1042-S to report the gifts when the value of cash and the fair market value of noncash awards to individuals total \$600.00 or more in a calendar year.

Steps to follow:

1. Complete an IRB application and receive approval for the research project.
2. Complete and submit a [pre-approval form](#) (Word or Excel version) to your department’s office staff.
3. The researchers should include clear information about compensation being taxable on research materials for participants, including the consent form and any announcements or advertisements about the research.
 - a. Participants who are not employed with Truman State University must complete the W-9 tax form, which can be found on the IRS website. The tax forms should be submitted to the Business Office once data collection is complete. The researcher must also complete the departmental requisition form prior to data collection. The electronic requisition form is available on TruView and can be accessed by the departmental office staff.
 - b. If participants are employed by Truman State University (students, staff, faculty), the [Assignment Form](#) must be completed, and multiple participants can be listed on the form per department. Participants may also be required to submit current I9 employment eligibility or W4 income tax withholding documents.

Please review more details about the [University’s policy for awards, gifts, and prizes](#).