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## **Guidance on the Use of Gift Cards as Compensation in Human Subject Research**

*The following information can be found in Campbell University's Purchasing Office's Memo regarding Updated Purchasing Policy and Procedures dated April 12, 2017.*

This policy applies to both direct payment for gift cards and to reimbursement for the purchase of gift cards. This policy does not apply to gift cards purchased with personal funds.

**This policy also addresses the tax treatment of gift cards awarded to participants in order promote participation in a research study.**

In order to promote participation in a research study it may be necessary for participants to receive incentive payments in the form of cash or gift cards. When cash or gift cards are awarded the University must comply with IRS regulations, federal, state and sponsor guidelines.

The University must report the value of the gift card to both the participant and the IRS if the cumulative total amount per participant is \$600 or more in the calendar year. If the participant is a University employee the value of the gift card is reportable in the same manner as long as participation in the study is not within the scope of their employment with the University.

Gift cards of any denomination are defined by the IRS as a cash equivalent and are therefore considered taxable income to the participant. The IRS does not exempt "de minimis" amounts from taxable income that are made in the form of cash or cash equivalents, e.g., gift cards.

The Principal Investigator or lead researcher is responsible for maintaining a Participant Log acknowledging receipt by the participant of the gift card and a completed W-9 <https://www.irs.gov/pub/irs-pdf/fw9.pdf> for each participant for tax reporting purposes. A copy of the Participant Log and Form W-9 must be attached to the gift card payment request when presented to Accounts Payable for payment.