

HHD Gift Card/Cash Equivalent Payment Policy and Procedure

Gift card/cash equivalent payments MAY be purchased as reimbursement for research participants using a purchasing card or Shop OnLion through approved vendor National Gift Card (NGC), with options for either physical cards or eCode, in accordance with [University Policy RPG03](#).

Policy

1. Participants may be paid by gift card/cash equivalent payment **(Tax ID's NOT Required)**:

- When the participant receives, per study, **any one payment less than \$100 AND aggregate payments over a calendar year to that participant are under \$300.**

Note: One-time gift card/cash equivalent payments exceeding \$100, are allowable to research participants with clear distinctions of multiple participations in increments of \$100 or less. (Tax ID's NOT Required)

Example: Participant receives \$20 for first portion of study then advances to second portion and receives additional \$90. Thus, the participant is able to receive a one-time gift card/cash equivalent payment of \$110.

2. Participants must be paid by check **(Tax ID's Required)**:

- When the participant receives, per study, **any one payment of more than \$100 OR aggregate payments over a calendar year to that participant amount to more than \$300.**

Note: If a study cannot comfortably predetermine that a participant will accumulate greater than \$300 over a calendar year, Departments must notify the University's Accounting Office at year-end for individuals, who exceed the amount, to be manually added to the 1099 MISC tax file. (Tax ID's Required)

3. Compelling Reason for Gift Card/Cash Equivalent Payments Greater than \$100:

- The University acknowledges that there is a compelling reason to permit gift card/cash equivalent payments **greater than \$100**. There is potential financial liability for the PI and the area which approves the exception if proper payment records are not maintained or if the IRS challenges the taxability of such payments.

To obtain this exception, a [Research Participant Cash Payment Exception](#) MUST be completed by the PI, and approved by both the Budget Administrator & University Tax Director. Once approved, this form must be attached to ALL gift card/cash equivalent payments exceeding \$100. All other requirements regarding settlement apply. See Policy [RPG03](#).

Note: Only ONE Research Participant Cash Payment Exception is required per IRB number.

4. Research Participant gift card/cash equivalent payment purchases cannot be charged to research funds without being actualized/disbursed as a research payment. Research funds are not to be used as holding accounts for payments to participants awaiting disbursement. These payments are to be held on the departmental clearing account. Pending actualizations of gift card/cash equivalent charges to research funds are to be maintained timely by the departments.

5. Non-research participant gift card/cash equivalent payment purchases must be actualized to general, gift, or OGE funds.

6. All gift card/cash equivalent payments and associated fees should be resolved using **GL Account 52601500 (SVC-Research Participant)**; fees are considered part of the participant payment.

Example: A research participant receives a \$50 Visa gift card, with a \$4.95 activation fee, as a form of payment for participation. Thus, the participant receives a \$54.95 payment.

Approval

PRIOR APPROVAL MUST BE OBTAINED FROM THE FINANCE OFFICE BEFORE ANY GIFT CARD/CASH EQUIVALENT PAYMENTS MAY BE PURCHASED.

For prior approval, please complete the Gift Card Purchase Request Form and e-mail request to Stephanie Krout (skk170@psu.edu). The Finance Office logs all gift card/cash equivalent payment approvals.

****Final approval email must be attached as back-up for all purchases****

Safeguarding

After gift card/cash equivalents are purchased, they must be treated as cash and kept in a secure, locked location. The gift card number and pin number are to be recorded along with the purchase date. All records must be kept in a secure location.

All records, including participant information, are the sole responsibility of the department under direction of the Budget Administrator and/or Principle Investigator of the research project.

****Compromised, lost, expired, or stolen gift cards that cannot be credited by the vendor in full are the responsibility of the unit and cannot be charged to a restricted account****

Reconciliation

Upon distribution of the gift card/cash equivalent payments, payments must be properly documented on an HHD Reconciliation Log.

All gift card/cash equivalent payments should be actualized by the approved accountability date.

Please direct all questions to: Stephanie Krout (skk170@psu.edu)

The HHD Finance Office

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