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Background:
Disbursement Vouchers (DV) processed with payment reason “Payment to Research Participant” may be processed using KFS vendor records known as:
   a. Participant Payment vendor (SP); or
   b. Purchase Order vendor (PO); or
   c. Disbursement Voucher vendor (DV)

   Note: University employees receiving payment for research participation should be paid on against their Employee (non-vendor) records. Do not pay an employee research participant against any other vendor record.

This document focuses on the creation and use of Research Payment vendor records, because in most cases, the vendor record and the disbursement voucher transaction do not require submitting tax information.

Quick guide:
1. The individual participating in the research study is created in KFS as a participant payment vendor. This vendor is also referred as a subject participant vendor (SP). See university employee above and tax consideration below for exceptions to using an SP vendor record.
2. Tax documentation should not be submitted for the creation of a participant payment vendor. Do not include the tax number on the SP vendor document and do not submit any tax paperwork to Accounts Payable.
3. The payment should be made to the subject participant. This means that if the participant is a minor the vendor record should be created with the minor’s name and payment should be processed to the minor’s name.
4. Foreign individuals can be set up as participant payment vendors. Note that 30% tax withholding is required on these payments to foreign vendors.
5. A current, active vendor record should be used if it exists in KFS. A new vendor record should not be created if the individual or the company is already set up in KFS.
6. In that case of processing a Travel Payment to a participant’s parents: the parent is established as a DV vendor with supporting tax paperwork, signed and dated. The disbursement voucher is processed to that vendor record with payment reason: Travel Payment for a Nonemployee.

Tax consideration:

1. The initiating department keeps any information that may be required for tax reporting in the fiscal / research files.
2. This detail is provided to IU University Tax Services in the event total payment for the year exceeds $400.
3. The department should process participant payments to a DV Vendor record (rather than a subject participant vendor record) if the department expects to pay the participant more than $600 during the year.
4. Payments to foreign vendors require 30% tax withholding. If the initiating department wishes to pay the tax, they should add a note indicating this on the DV.

Questions regarding tax details: contact University Tax Service at taxpayer@indiana.edu.

Steps to create a Participant Payment vendor in KFS

1. Search vendor via Lookup to see if the individual or company is already active in KFS. Picture 1.
2. Select “Create” if individual or company is not already active in KFS. Picture 2.
3. Similar to all KFS documents: enter a meaningful description on the document (in this case the participant name helps future searching and the words “research participant” help prompt approval review since it is known that tax paperwork will not be faxed). Explanations are optional. Picture 3.
4. Enter participant name in general information. Enter Vendor Last Name: and Vendor First Name: for individuals. Picture 4.
5. Select participant payment in “Vendor Type” box and elect the appropriate “Ownership Type.” All other fields in Corporate Information can be left blank. Exception: if the individual is a foreign person, change the “Is this a foreign vendor” response from “No” to “Yes”. Picture 5.
7. Enter the New address – this is where the check will be mailed when paying by check. Picture 7.
   a. Select Remit
   b. Enter Address 1, City, State, Postal Code, Country
   c. Set as Default Address: Yes
   d. Leave Active Indicator ticked.
8. Click “add” to add the address record to the document. Picture 8.
10. Email the document number and text “Please review research participant vendor submission.” to fmsdvhlp@indiana.edu for prompt approval review.
A successfully submitted document will route to the FMS DV Vendor Approval Group for approval review.

Contact fmsdvhlp@indiana.edu with questions about your document.

**Picture 1.** Search Vendor.

**Picture 2.** Create vendor.

**Picture 3.** Initiated document with proper description.

**Picture 4.** Enter Vendor Last Name and Vendor First Name, as shown below, for individuals.

**Picture 5.** Select participant payment in “Vendor Type” box. Select “Ownership Type.”
**Picture 6.** Leave the detail information section blank. Do NOT enter any information in this section.

**Picture 7.** Enter the new address. This is where the check will be mailed when paying by check.

**Picture 8.** Click “add” to add the address record to the document.

**Picture 9.** Check your entries for accuracy, and then click “submit.”
## Revision History

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<th>Author(s)</th>
<th>Action</th>
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<td>Create</td>
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<tr>
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<td>Edit content and formatting</td>
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<td>FMS</td>
<td>Edit #5 on page 2 to indicate mark “Yes” for foreign individual who are foreign persons.</td>
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<tr>
<td>9/30/15</td>
<td>FMS</td>
<td>Edit #2 on page 1 to clarify tax ID should not be entered to the SP Vendor document. Edit #5 on page 2 to indicate mark “Yes” for foreign individual who are foreign persons.</td>
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