

Research Subject Payments to Foreign Nationals

1. Collect Required Documentation

- Gather all necessary documents for tax analysis:
 - Immigration documents
 - SSN/ITIN
 - [Foreign National Information Form](#)
- Email the collected documents to internationaltax@uky.edu.
- Additional information can be found on UK's [International Tax webpage](#).

2. Tax Analysis and Residency Verification

- [Tax Compliance Services](#) will determine the participant's citizenship and tax residency status.
- Residency status affects tax treatment:
 - **Resident for tax purposes:** Taxed like a US citizen and reported on a 1099 at the IRS defined threshold (see [BPM E-9-1 Compensation to Research Subjects](#) for threshold amount). For example, the threshold for 2025 was \$600, the threshold for 2026 is \$2,000, and the amount is subject to change annually.
 - **Nonresident for tax purposes:** Taxed from the first \$0.01 at 35% (30% federal + 5% Kentucky state).
- If documentation is missing or the participant is unwilling to provide it, they will be taxed as a nonresident at 35%.

3. Payment Method

- The only approved payment method is **Check via PRD**. Options that cannot be used include cash, gift cards, etc.
- Checks issued by UK can be cashed at PNC Bank, the University's banking partner. This includes checks issued to individuals with no bank account. Identification is required to cash a check at a bank.
- The participant must have a vendor number created in SAP:
 - Send a PaymentWorks invite to the participant.
 - For process details, refer to the [PaymentWorks Supplier Onboarding Solution](#) summary on the [Procurement Services webpage](#).

4. Complete a PRD (Payment Request Document)

- Once the participant has a vendor number, complete a PRD to the participant.
- Include the following in the PRD:
 - Documentation certifying the participant's involvement in the project (requirements may vary by payment amount; see [BPM E-9-1 Compensation to Research Subjects](#)).
 - Tax analysis outlining withholding requirements from Tax Compliance Services.

5. Tax Withholding and Payment Issuance

- Appropriate taxes will be withheld as determined by the tax analysis.
- A check will be issued and mailed to the participant.

6. Year-End Tax Forms

- Tax Compliance Services will send necessary tax forms to the participants at the end of the calendar year by the IRS deadlines.