

NIH ROYALTY PROGRAM

Frequently Asked Questions

When are royalty payment made to inventors?

Answer

Royalty payments to inventors are processed two times in the calendar year. The first payment is made from late May to mid-June. The second payment is made from early to late December.

What do the payments represent?

Answer

The payments represent the inventor's share of royalty payments from licensees to the NIH during the fiscal year. For example, the first inventor payment is based on money received by the NIH for the period of October 1 through March 31. The second inventor payment is based on money received by the NIH for the period of April 1 through September 30.

3. How are the royalty payments calculated?

Answer

Inventors receive the first \$2,000 received from a licensee. Next, they receive 15 percent of royalties received above \$2,000 up to \$50,000. Finally, they receive 25 percent of royalties in excess of the first \$50,000 received each year. Each inventor cannot receive more than \$150,000 in royalty payments for a calendar year.

4. How are the payments made to inventors?

Answer

The payments are made by either direct deposit to the inventor's financial institution or by check.

5. Is there a preferred method of inventor payment?

Answer

All payments should be made by direct deposit, and inventors are requested to complete the ACH VENDOR/MISCELLANEOUS PAYMENT ENROLLMENT FORM at and return to OFM Royalty at the address below. In addition, type or hand-write the word INVENTOR next to the heading in the PAYEE/COMPANY INFORMATION section.

OFM Royalty
National Institutes of Health
Government Accounting Branch
2115 East Jefferson Street
Room 3C-314, MSC 8500
Bethesda, Maryland 20892-8500

6. How do I identify a deposit in my bank account as a royalty payment?

Answer

Royalty payment transactions sent from the NIH to the U.S. Treasury include the words ROYALTY PAYMENT. When the Treasury sends this information to your financial institution, the ROYALTY PAYMENT identification is included with the direct deposit transaction. Most institutions include this information on your monthly account statement. However, some institutions do not interpret or provide the payment description. Others choose not to provide the description. If the deposit identification does not appear on your statement, you should discuss this matter with your financial institution.

7. Are taxes withheld from the royalty payments?

Answer

Normally the answer is no.

8. Will I receive a tax statement for royalty payments?

Answer

If you receive royalty payments of \$10.00 or more in the calendar year, you will receive Form 1099-MISC Miscellaneous Income. Payments for less than \$10.00 are taxable, but Form 1099-MISC will not be issued.

9. If I received a check, and don't cash it, what happens? Maybe I lost it, or misplaced it in my home.

Answer

The U. S. Treasury automatically cancels checks that are not cashed after one year from issuance. When this occurs, funds are returned to the issuing agency. Once returned, the NIH has less than four years to reissue these amounts. See Question 10 if you think you have lost or misplaced a check.

10. Who do I contact when I have questions?

Answer

If you have a question about a royalty payment you have received, or a payment you anticipate receiving, contact the OFM Royalty Coordinator at (304) 725-6866, or GrodzicJ@OD.NIH.GOV. Other royalty staff members that may be able

to assist are Sandra Waddy, (301) 402-5279, WaddyS@OD.NIH.GOV.

For questions concerning technology transfer matters inventors may contact their institute Technology Development Coordinator, who has overall responsibility for institute technology transfer. These personnel are available to assist in all phases of the process required to establish Cooperative Research and Development Agreements (CRADAs), Material Transfer Agreements (MTAs) and Employee Invention Report (EIRs). They also serve as the Institutes and Centers (ICs) liaison with the Office of Technology Transfer and the Office of the General Counsel on technology transfer matters. A list of current Technology Development Coordinators can be found at <http://ott.od.nih.gov/tdc.html>. Questions concerning the status of a specific license agreement or its underlying patents or patent applications may also be obtained by contacting the Office of Technology Transfer. A list of current OTT staff members and their area of responsibility can be found at http://ott.od.nih.gov/contactus/OTT_Staff_Directory.html.