

Student Employees and FICA Exemption Clarification

Please provide this memo to all student employees and any individual hiring students in your department.

Social Security Administration rulings have clarified the rules surrounding student employment and consequent exemption from FICA taxes. In order to minimize exposure for both our students and the Institute, Rensselaer has established guidelines which will assist departments in determining whether:

- An individual qualifies to be a student employee
- As a student employee, he/she qualifies to be exempt from paying FICA taxes

An individual qualifies to be on the student payroll if:

- a) The individual's primary relationship with Rensselaer is as a student. To be defined as such, the individual employed must be enrolled and regularly attending classes at Rensselaer. The individual must also be matriculated.
- b) If the individual qualifies as a student employee, he/she MAY be exempt from paying FICA taxes. **NOT ALL STUDENTS ARE EXEMPT.** Only students meeting one of the following criteria will be exempt from FICA taxes.

For U.S. citizens and Resident Aliens (for tax purposes)
The student is registered at least part time (6 credit hours)

For Non-Resident Aliens - No FICA tax is withheld if they are a nonresident alien for tax purposes. This is not to be confused with immigration status.

As the semester begins, the payroll office assumes all students qualify for the FICA exemption. In October, February, and May we will perform a match with the Registrar's Office to determine if all students meet the outlined criteria. If a student does not meet the criteria, we must begin withholding FICA taxes IMMEDIATELY (including those not deducted since the beginning of the semester).

IF YOU KNOW IN ADVANCE that the student employee does not and will not qualify for the FICA exemption, please note that fact on the authorization form or notify student payroll on extension 6330. This will alert Payroll to begin withholding FICA taxes immediately and the student will not have to "catch up" with the tax withholding after our match with the registrar.