

Finance & Operations Policy FO-PAY-21 Student FICA

1. Purpose

The Payroll Office complies with the Internal Revenue Code, Section 3121(b)(10), Revenue Procedure 2005-11, and 2005-1 C.B. 307. These provisions set forth generally applicable standards for determining whether students employed by Sam Houston State University (University) are eligible for student FICA tax exemption.

Benefit-eligible University employees (those who participate in a retirement program) are not eligible for FICA tax exemption. The determination of student employees FICA exemption status is made at the time the payroll period is processed.

2. Eligibility

Undergraduate students enrolled a minimum of half-time per the undergraduate course catalogue are eligible for exemption for FICA taxes.

Graduate or professional student is a student who is

- a. not a postdoctoral student, postdoctoral fellow, medical resident, or medical intern;
- b. enrolled at an institution of higher education for the purpose of obtaining a degree, certificate, or other recognized educational credential above the baccalaureate level; or
- c. enrolled in a program leading to a professional degree;

and completed the equivalent of at least three years of full-time study at an institution of higher education, either prior to entrance into the program or as part of the program itself. Department of Education regulations state that half time is defined by each campus in the graduate course catalogue.

Undergraduate, graduate and professional students in their final semester of a course of study and enrolled in the number of hours needed to complete the requirement for obtaining a degree, certificate, or other recognized credential will be eligible for the FICA tax exemption. The student must file a request for the exemption with the Payroll Office by emailing payroll_office@shsu.edu.

3. Work Requirement

The amount of remuneration for services performed by the student, the type of services performed by the students, and the place where the services are performed are immaterial for purposes of the student FICA exception. Hours worked must be no more than 28 hours within a university workweek (12:01 am Saturday to 12:00 midnight Friday). (*Please see [Finance and Operations Policy HR-16 – section on Work Schedules and Employee Compensation/Student Assistant Work Schedules](#)*).

4. Employment During Intersession and Breaks

The student FICA exception does not apply to services performed by an individual who is not enrolled in classes during school breaks of more than five weeks. Therefore, a student working during summer without enrolling in summer university courses, is not eligible for the exemption.

A student is eligible for the FICA exemption for employment which continues during normal school breaks of five weeks or less. Provided however, the student is otherwise eligible for the exception on the last day of classes in the academic period preceding the break and is eligible to enroll. The last day of classes will be the last day of finals for the calculation of the five-week period.

Sam Houston State University
A member of The Texas State University System

A student who works immediately before and/or after an academic term in which the pay periods fall partially or wholly in the academic term is eligible for the tax exemption for the period those services are performed.

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