

## MEMORANDUM

To : Primarily University Business Administrators

From : Keith Gernold. UH Tax Director

Date : August 5, 2004

Subject : Student FICA Exemption

In addition to the general rules, other items should be considered in complying with the Student FICA exemption in the University's Payroll System.

1. Students must be "actively" enrolled in a minimum number of hours at each UH campus in time for the information to be utilized for Payroll calculation. The Payroll calculation will occur about one week before each Payroll period (i.e. biweekly / monthly) is finalized. This means that all Personnel Action Request (PAR) forms must be in the Human Resources Database and the student worker's active enrollment record under their social security number in the student database PRIOR to Payroll processing periods. If this is not done, then the student worker will have FICA taxes withheld. In addition, the University must pay the employer's matching FICA taxes.
2. Each department will be responsible for confirming the employee is indeed a student/grad student ("empl class" of "J" or "S"), which also means the individual will be in the student database. However, the database will exclude students who are ORP or TRS benefits eligible (e.g. benefit program of FA1, FA2, FT1, FT2, FT3, TRS, PT1, PT3, P11, P12, PA1, and PA2). If the student employee is not under their correct social security number, please send the student employee, along with their social security card, to the Office of the Registrar for either a change of Student Identification Number or to change their social security number. Students who have assigned student identification numbers and who enroll using that number will have FICA taxes withheld. The student records must include their social security number in order to be eligible for the Student FICA Exemption.
3. It is strongly recommended that part of the hiring procedure include giving all employees a copy of the two-page general explanation of the Student FICA Exemption rules.
4. To possibly request a refund from the Social Security Administration if taxes are mistakenly withheld, the student employee could file Form 843 with the Social Security Administration. They would also attach a copy of the 2-page general explanation of the Student FICA Exemption rules, along with IRS Form 8316, to Form 843 as proof that the University will not refund any FICA taxes with regard to the Student FICA Exemption.

If you have any questions regarding this matter, please call me at (713) 743-8710 or by e-mail at [kgernold@uh.edu](mailto:kgernold@uh.edu).