

Student FICA Exemption Policy

(Effective Summer 2007)

UAB pays the employer portion of FICA taxes and withholds the employee portion of FICA taxes for services rendered by student employees unless the individual meets the FICA exemption criteria.

* Students in assignment categories “*06 Students*” or “*11 Federal Work Study*” may be eligible for the student FICA exemption provided they meet the credit-hour-enrollment test.

The Credit Hour Enrollment Test

The credit-hour-enrollment test is performed per semester using enrollment data as of the “*Last Day to Withdraw from a Course without Paying Full Tuition and Fees*” listed in the *Class Schedule*. To qualify, the student must be registered for at least a half-time course load on the official enrollment statistics date. Half-time course is defined as **six** credit hours for undergraduate students or **five** credit hours for graduate students.

The 37.5 Work-Hour Test

The University is required comply with the IRS regulation regarding student employees. Student employees consistently working more than **37.5** hours per week (totaling all assignments) do not qualify for the FICA tax exemption. Continuing to work more than 37.5 hours may require the student’s assignment category change to a non-student category; thereby, losing the student FICA exemption. Employing organizations are required to monitor the reported hours for all students on all assignments to ensure that there are no adverse consequences to the student.

Students that take a semester off during the academic year may keep their student assignment category; however, FICA taxes will be withheld during this period.

This policy applies only to compensation payments; it does not apply to scholarship or fellowship payments.

Revised: April 2009