

Student FICA Exception Rules

OVERVIEW

Internal Revenue Code (IRC) §3121(b) provides an exception for students from the Federal Insurance Contributions Act (FICA), which consists of Social Security and Medicare withholdings. Revenue Procedure (Rev. Proc.) 2005-11 provides a safe harbor where certain students can qualify for the Student FICA exception.

The Student FICA exception applies to students enrolled during school breaks of five weeks or less providing the student was eligible for the exception on the last day of classes or examinations prior to the break, and is eligible for enrollment for the first academic period following the break. Any student who is not enrolled in classes during school breaks of more than five weeks does not qualify for the Student FICA exception.

Mercer Students who earn wages from Mercer during Summer Semester and are not enrolled must pay Social Security Tax and HIRING DEPARTMENTS ARE RESPONSIBLE FOR MERCER'S MATCHING SHARE.

All Non-Mercer students must be processed through the Human Resources Office.

In general, undergraduate student employees who are registered at least half-time qualify under the safe harbor provisions provided by Rev. Proc. 2005-11. Students who do not meet the criteria under the safe harbor (Rev. Proc. 2005-11) may still qualify for the Student FICA exception under a consideration of all facts and circumstances as outlined in Federal Treasury Regulation (Reg.) § 31.3121(b)(10)-2.

SAFE HARBOR

A student qualifies for the safe harbor provided by Rev. Proc. 2005-11 and the Student FICA exception on University earnings if the student meets all of the following criteria. The student must:

- ✓ Be registered for at least half-time
- ✓ Not be a full-time employee.
- ✓ Not be a professional employee. A professional employee is defined by Reg. §31.3121(b)(10)-2(d)(3)(v)(B) as an employee whose work: (i) consists of advanced or specialized knowledge, (ii) requires consistent discretion and judgment, and (iii) is intellectual or varied rather than routine, manual, or physical. Another indication of a professional employee is if a license (other than a normal driver's license) is required.
- ✓ Not be eligible for employment benefits (unless the benefits are mandated under state law). Employment benefits are defined by Reg. § 31.3121(b)(10)-2(d)(3)(v)(C) .

Rev. Proc. 2005-11, Section 3 provides that the safe harbor, as described above, does not apply to postdoctoral students and postdoctoral fellows.

If the determination cannot be made under the Safe Harbor, additional information must be provided to and reviewed by Benefits & Payroll in order to make this determination. Please contact Gina Edwards, Payroll Administrator at (478) 301-2825.

HELPFUL LINKS

Additional information on the Student FICA exception is detailed in [Rev. Proc. 2005-11](#) and [Federal Treasury Regulation §31.3121\(b\)\(10\)-2](#).