



TEXAS SOUTHERN UNIVERSITY
MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES

SECTION: Business Affairs
AREA: Payroll

Policy 03.04.06

SUBJECT: Student Social Security Tax Withholding Exemption

I. PURPOSE AND SCOPE

During 1999, the State of Texas modified its Section 218 Agreement with the Social Security Administration. As a result, the services of qualified student employees at specified Texas public colleges and universities are exempt from withholding Social Security and Medicare taxes (FICA) if such service is performed by a student who is enrolled and regularly attending classes at such college or university. This exemption was effective for services performed after June 30, 2000.

II. POLICY PROVISIONS

A. Due to the change in the Section 218 Agreement and in accordance with federal tax law, Texas Southern University (“University”) shall grant an exemption from FICA tax withholding of wages paid to a student during an academic semester or summer session in which that student is enrolled and regularly attending classes at the University.

1. **Enrolled and Regularly Attending Classes** – A student is considered to be enrolled and regularly attending classes if enrolled at least half-time (i.e. fifty percent (50%)), of the minimum number of hours required for full-time enrollment certification purposes. Minimum exemption thresholds for each campus will be as follows:
 - a. Fall or Spring GR * 5 5
 - b. Fall or Spring UG ** 6 6
 - c. Summer I and Summer II GR and UG 3 3

*Note: * = Graduate Student, ** = Undergraduate Student*

2. **Between Semesters** – Student employees who are enrolled and regularly attending classes in a given academic semester/session will be afforded the exemption from FICA tax withholding for any brief period of time (five weeks or less) between the end of one semester/session and the start of the succeeding semester/session, if they qualified for exemption in the immediately preceding semester/session. For example, a student enrolled during the last summer session would retain the exemption during the period

between the last summer session and the start of the fall semester, as well as during Christmas break, etc.

- 3. **Full-Time Employees** – All non-students and/or full-time employees of the University are not eligible for the student FICA exemption.
- 4. **Social Security Number** – In order to be exempted from FICA tax withholding, a student employee must provide their valid Social Security Number to the University.
- 5. **No FICA Tax Refund University** – The University’s Payroll Department may not refund any FICA taxes, even if the taxes were mistakenly deducted (e.g. failure to provide a valid Social Security Number, the effect of dropping/adding courses and the determination of credit hours at the beginning of the semester, etc...).

B. To possibly request a refund from the Social Security Administration, the student employee would file Form 843 online (www.irs.ustreas.gov/forms_pubs/forms.html) or by telephone at (800) 829-3676 with the Social Security Administration. For Form 843, the University’s employer identification number is 74-6001391 and FICA taxes are “employment” taxes.

C. This policy, along with Form 8316, should be attached to Form 843 as proof that the University will not refund any FICA taxes with regard to the student FICA exemption.

III. REVIEW AND RESPONSIBILITIES

Responsible Party: Chief Financial Officer

Review: Every three years, on or before September 1

IV. APPROVAL

Kenneth Huewitt

Chief Financial Officer

[Signature]

President

Effective Date: 11/13/2017

V. REFERENCES

Internal Revenue Code Section 3121(b) (10)
IRS Regulations and Publications
Social Security Administration
U.S. Department of Education Title IV Rules