

Standard Practice Guide Policies

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Federal Insurance Contributions Act (FICA) Tax Withholding

202.01

Applies to: All faculty and staff

I. Policy

The University is required to withhold FICA taxes from salaries and wages of all of its employees, except for student employees who are enrolled at U-M at least half-time. In addition, certain PhD students who are enrolled less than half-time, non-resident alien (NRA) employees and employees performing work outside the U.S. may be exempt from FICA tax withholding as detailed below.

A. PhD Students Enrolled Less Than Half Time

To be exempt from FICA withholding on wages paid for academic terms in which a PhD student is not enrolled or enrolled less than half-time, such as the Spring/Summer semester, the student and their faculty advisor must complete a FICA Exemption Request-PhD Candidate form (<http://www.finance.umich.edu/finops/payroll/forms/ficaphsform>) for submission to the University Payroll Office if the following criteria apply:

1. Actively working on dissertation and meet all requirements for candidacy
2. Working as a Graduate Student Instructor (GSI), Graduate Student Staff Assistant (GSSA), Graduate Research Assistant (GSRA) or temporary appointment

B. NRA Employees

In order to determine if exempt from FICA withholding, all NRA employees must complete an Alien Certificate (http://www.finance.umich.edu/system/files/Alien_Certificate_2016.pdf) for submission to the University Payroll Office. NRA employees are also responsible for notifying the University Payroll Office when their visa status changes, by submitting an updated Alien Certificate.

C. Employees Performing Work Outside the U.S.

Employees are responsible for notifying the University Payroll Office when their employment location is outside the United States (U.S.) if they meet one of the following criteria:

1. U.S. citizens performing services outside the U.S. are exempt from income and FICA taxes if they qualify for foreign earned income exclusions per IRS Form 673 (e.g. tax home in foreign country entire tax year or 330 full-day presence requirement within a 12-month period). If applicable, employees must complete this form and submit it to the University Payroll Office.
2. NRAs performing services outside the U.S. are exempt from income and FICA taxes. If applicable, employees must complete an Alien Certificate and submit it to the University Payroll Office.

In addition, employees are responsible for notifying the University Payroll Office when the location of employment that previously met the above criteria changes to a different location.

File Attachments

Printable PDF of SPG 202.01 (<https://spg.umich.edu/sites/default/files/202X01.PDF>)

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Applies To:

All faculty and staff

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