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| **Office of the Controller Job Aid** | | |
| **Responsible Unit** | **Payroll** | June 26, 2023 |
| **Title** | FICA Taxes | |

FICA taxes are [payroll taxes](https://www.thebalance.com/payroll-taxes-and-employment-taxes-398707) withheld from employee’s paychecks. The FICA taxes are paid by employees and employers for (1) Social Security taxes- Old Age, Survivors, and Disability Insurance taxes (OASDI), and (2) Hospital Insurance tax- Medicare taxes.

Here is the breakdown of these taxes:

* The employer and employee each pays 6.20% for the OASDI portion, up to the annual maximum wages subject to Social Security.
* The Medicare portion is 1.45% for employer and employee, of all wages.
* Additional Medicare tax withholding may apply for employee’s wages paid in excess of a certain amount in a calendar year, without regard to filing status.

There are payments to employees that are exempt from FICA tax:

1. See IRS Publication 15 for a complete list.
2. Possible Exemption for F, J, M, and Q visa holders under Section 3121(b)(19), the employee must be:
   1. A NonResident Alien For Tax Purposes (NRAFTP)
   2. A F, J, M, or Q visa holder
   3. Performing services to carry out the purpose of his/her visa.
3. Exemption for students working at an Institution under Section 3121(b)(10):
   1. Student who works for the school at which he/she is enrolled and regularly attends classes.
   2. Applies to US Citizen and NRAFTP students.

**Student FICA change process**

In general, UMB runs student FICA change process 2 times a year- after Spring semester and before Fall semester starts. In accordance with the Internal Revenue Code Section 3121(b)(10) (Student FICA exception), in order to be eligible for FICA tax exemption, the student must be a UMB student and must be enrolled at least half time in a course of study at UMB and employed by UMB. In addition, a student who is in the last semester of a course of study requiring at least two semesters to complete and is enrolled in the number of credit of hours needed to complete the requirements for obtaining a degree, certificate, or other recognized educational credential offered by UMB even if enrolled in less than half the number required of full-time students is also eligible for FICA exemption.

There is a FICA Status associated with each employee on the job record (Work Force Administration>Job Information>Job Data- Payroll tab).  It can be either “Exempt” where the employee does not have FICA taxes deducted or it can be “Subject” where FICA taxes are deducted.  The Office of The Controller-Payroll Services (OOTC-PS) runs a process to update student FICA status to “Subject” during summer months or after Spring semester is ended.  We will insert a new row on the job record to change the FICA status for students (Empl Class 14, 14W, 16, 16W).  Students holding a visa will be excluded from this conversion. Normally we run the FICA process:

(1)        Effective last pay period in May, FICA status will be changed to “Subject”

(2)        Effective last pay period in August, FICA status will be changed to “Exempt”

Department Payroll Rep needs to communicate with their student employees regarding the FICA change during summer months.

After completing student FICA process, an email will be sent to the Department Payroll Reps to run a query to view the student FICA status:

UMB\_PR\_STUDENT\_FICA

If departments have students who fall into the criteria mentioned above and should be exempt from FICA during summer months, department payroll rep must submit an ePAF to Human Resources Service Center (HRSC) by deadline to change the FICA status back to “EXEMPT.”  The student needs to show the department the documentation indicating that they are at least a half time UMB student in order to get the exemption from FICA tax during summer months.

For students with FICA Exempt status in eUMB, Cost Analysis will do a journal entry to eliminate the calculated fringe expenses.  As journal entries cannot be posted in eUMB HRMS the adjustment will not be reflected on HRMS side. However, it will be reflected in Quantum Analytics. Any questions regarding the fringe adjustment should contact Costing at [effort@umaryland.edu](mailto:effort@umaryland.edu).

**FICA Refund Request**

If an employee is eligible for a FICA refund, the department payroll rep must complete a FICA Refund Request Form. It is a DocuSign Form. The form must be approved by the ADean or AVP. The form must include the following:

* Reason to support the request.
* FICA amount requested.
* Begin/End PPs of the FICA refund.
* Employee’s current address as a refund check will be mailed directly to employee.
* The signed form will be routed to OOTC-PS to enter employee’s last 4 of SSN.
* After entering employee’s last 4 of SSN, the completed request will be routed to you, OOTC-PS, and System Payroll for processing.