FICA Exemption for Students Working at the NJIT

The following guidelines, part of the Internal Revenue Code, determine whether a student employee can be exempted from FICA tax withholding.

IRS Guidelines:

U.S. citizens, Permanent resident Students:

The Internal Revenue Code 3121(b)(10) provides an exemption from FICA and Medicare taxes for students paid by colleges and universities in which they are enrolled.

The student’s FICA exemption rule does not apply to services performed by students who are not enrolled in classes during school breaks of more than five weeks (Summer break). Once the students register for Fall and Spring semesters, they are exempt from FICA and Medicare taxes.

Non-Resident Alien Students:

Student employees who are nonresident aliens may be exempt from FICA tax withholding based on their visa status and length of stay in the U.S.

The Internal Revenue Code 3121(b)(19) provides an exemption from FICA tax withholding even during school breaks of more than five weeks as the exemption runs for a consecutive time period.

NJ State Disability and Unemployment Tax Exemption for Students:

U.S Citizen, Permanent resident Students:

The State of New Jersey provides an exemption from NJ Disability and Unemployment taxes for students paid by colleges and universities in which they are enrolled.

Non-Resident Alien Students:

Student employees who are nonresident aliens may be exempt from NJ Disability and unemployment taxes based on their visa status and length of stay in the U.S.

New Jersey State Tax withholding:

All resident and non-resident alien are required to pay NJ State tax. There are no exemptions for NJ State tax withholding.