

SMU Tax Policies

Subject: **Compensation - Student Internship**

Effective Date: **08/22/07**

Revision Date: **08/23/17**

Tax Policy: **1.1**

A student intern is a student undergoing an entry-level professional experience that is relevant to the student's major or minor. The student's primary reason for being at the University is enrollment in an academic program. Internships must be approved in advance by the department of the student's major or minor.

Before payment is made to an employee, the department responsible for the payment must make a determination as to what type of relationship the University has with the employee. Follow the Independent Contractor Determination guidelines to make this determination. (See [Independent Contractor Determination](#) page)

A student employee relationship should be handled in accordance with the policies and procedures established for SMU student employees.

The University must withhold and remit federal income and FICA taxes from wages unless specifically exempt by the IRS. Student wages are not subject to FICA withholding. Whether an internship can be classified as a student employee depends on the relationship the employee has with the University.

The employee must be classified as *both* an employee and student at the University to qualify for the student FICA exception.