

# North Dakota State University

## Policy Manual

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### SECTION 125

#### PAYROLL TAXES

SOURCE: NDSU President

1. Federal Income Tax - All salaries are subject to federal income tax unless exempt under provisions in Section 312.
2. Each employee must have on file a W-4 form with the Human Resources/Payroll Office.
3. **State Income Tax**
  - 3.1 American Indian employees who live and work on an American Indian reservation are not required to have North Dakota income tax withheld even though the employee may not be able to sign a "Certificate of Residence." Such individuals must notify the Human Resources/Payroll Office of their status in writing in order to eliminate the tax withholding.
  - 3.2 Minnesota Resident - All salaries are subject to Minnesota state income tax unless exempt under Section 312. The employee *must* file an Affidavit of Residency, Form NDW-R in order to eliminate the withholding of the North Dakota state tax. This form must be filed annually. Upon application the Human Resources/Payroll Office will withhold Minnesota state tax.
4. **Social Security Tax** - All salaries are subject to the social security tax with the exception of those NDSU Extension Service employees, who are serving under federal appointment and therefore are required to participate in the U.S. Civil Service Retirement System, or those exempted under Section 312 or the "student" exemption noted below.
  - 4.1 Services provided by students are exempt from social security coverage. The exclusion applies while the student is enrolled and regularly attending classes at NDSU. The exclusion does not apply to work performed by students during summer vacations while employed but not enrolled. The exclusion does not extend to students from high schools or other educational institutions nor does it extend to services performed by an employee whose attendance as a student is incidental to the job.
  - 4.2 Employees who are not U.S. citizens and who are in the United States under provisions of either an F-1 or J-1 visa are normally exempt from the social security tax.
  - 4.3 Faculty and students from certain foreign countries may also be exempt from federal income tax by virtue of a special treaty provision. Specific information is available in the Human Resources/Payroll Office.
5. Employees who incurred no liability for income tax for the previous year and who anticipate no liability for the current tax year may eliminate the withholding deduction for federal income tax by filing form W-4E with the Human Resources/Payroll Office. The Form W-4E expires on February 15 of each year and must be renewed if still applicable. The W-4E form may also be revoked at any time the employee expects to incur an income tax liability. Form W-4E does not eliminate the requirement for filing a federal income tax return. That requirement must be considered as a separate matter.

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HISTORY:

New	July 1990
Amended	June 1996
Amended	October 2007