

FICA UPDATE: THE SUPREME COURT RULES THAT RESIDENTS ARE NOT EXEMPT FROM FICA.

On January 11, 2011, the U.S. Supreme Court ruled that medical residents are not exempt from FICA taxes. This ruling confirms MCG's long-held position which classified its residents as employees rather than students. The Court issued a unanimous decision with 8 justices in agreement. Justice Kagan recused herself from this case. The Court stated that residents "who work long hours, serve as highly skilled professionals, and career employees...are the kind of workers that Congress intended to both contribute and benefit from [FICA]." The Court's ruling means that MCG will not need to make any changes regarding its residents and FICA taxes.