

J-1 vs. H-1B Visa Employee Payroll & Compliance Guide
Version: June 2025



Quick Comparison Chart

Category	J-1 Visa Employees	H-1B Visa Employees
Visa Type	Exchange Visitor (Teacher Exchange)	Temporary Specialty Worker
Sponsoring Entity	External sponsor agency	School District (employer is sponsor)
Employment Authorization	DS-2019 + SEVIS status	H-1B Approval Notice (I-797)
Payroll Tax Withholding	FICA exempt for first 2 calendar years (verify yearly)	Subject to all payroll taxes
Income Tax Withholding	Subject to federal & state income tax	Subject to federal & state income tax
Health Insurance	Must maintain J-1 required insurance :	
- \$100,000 medical		
- \$50,000 evacuation		
- \$25,000 repatriation		
- Deductibles ≤ \$500		
- Copays ≤ 25%	Enroll in district insurance as regular employee	
Workers' Comp	YES — covered under district plan	YES — covered under district plan
Unemployment Insurance	Generally NOT eligible	Generally eligible if terminated involuntarily
Contract Type	Annual or program-based (1–3 years)	3-year initial, renewable to 6 years
Payroll Documentation	DS-2019, I-94, Passport, sponsor letter	H-1B Approval, I-94, Passport

Category	J-1 Visa Employees	H-1B Visa Employees
Key Notes	Verify FICA status annually; track SEVIS	Track visa expiration & renewals; full tax processing

Estimated H-1B Employer Compliance Costs

Item	Cost
Electronic Registration (Form I-129)	\$215
Basic Filing Fee	\$460
ACWIA Fee (<25 employees = \$750) or (>25 employees = \$1,500)	\$750–\$1,500
Fraud Prevention & Detection Fee	\$500
TOTAL Estimated Initial Fees	~\$1,925 to ~\$2,675

Attorney fees are strongly recommended (~\$2,000–\$5,000).

Useful Links

- **MASBO Payroll Manual** <https://www.masbo.com> → Publications → Payroll Manual
- **J-1 Health Insurance** <https://j1visa.state.gov/sponsors/how-to-administer-a-program/insurance/>
- **USCIS H-1B Info** <https://www.uscis.gov/working-in-the-united-states/temporary-workers/h-1b-specialty-occupations>
- **Montana Workers' Comp** <https://erd.dli.mt.gov/work-comp-regulations>

Payroll Clerk Checklist

J-1 & H-1B Visa Employee Onboarding

J-1 Employee Checklist

- [] Copy of DS-2019 (Certificate of Eligibility)
- [] Copy of Passport & current Visa
- [] I-94 Arrival/Departure Record
- [] Proof of Health Insurance (must meet J-1 federal minimums)
- [] Sponsor Letter (employment authorization)

- ☐ Verify **FICA exemption eligibility** for tax setup
 - ☐ Confirm SEVIS active status
 - ☐ Set up correct state & federal tax withholding
 - ☐ Workers' Comp enrollment
 - ☐ Confirm ineligible for Unemployment
 - ☐ Confirm **benefits eligibility** per district policy (varies)
 - ☐ Maintain regular SEVIS monitoring (HR responsibility but payroll must flag if employment ends)
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H-1B Employee Checklist

- ☐ Copy of I-797 H-1B Approval Notice
 - ☐ Copy of Passport & current Visa
 - ☐ I-94 Arrival/Departure Record
 - ☐ Copy of Labor Condition Application (LCA) approval (from HR/Legal)
 - ☐ Verify Wage meets LCA requirements
 - ☐ Confirm FICA **full taxes applicable**
 - ☐ Set up state & federal tax withholding
 - ☐ Workers' Comp enrollment
 - ☐ Confirm eligible for Unemployment (standard rules)
 - ☐ Full district benefits enrollment (same as certified staff)
 - ☐ Track **visa expiration & renewal deadlines**
 - ☐ Track potential green card process if applicable
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General Tips for Payroll Clerks

- Coordinate closely with HR — visa tracking is a shared responsibility
 - Use MASBO Payroll Manual regularly for updates
 - Verify insurance coverage for J-1 employees — do not assume district plan is sufficient
 - Document visa type clearly in payroll system to flag for correct tax processing
 - Review employment end dates carefully — SEVIS and visa reporting timelines are critical for compliance
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Questions?

- Refer to MASBO Payroll Manual or contact MASBO
 - Work closely with your district's **HR & Legal teams**
 - Consult a qualified **immigration attorney** when in doubt (especially for H-1B processes)
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Legal Disclaimer

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employees, and contributors **do not accept any responsibility or liability** for actions taken based on the contents of this guide. **Payroll clerks and district personnel are advised to consult qualified legal counsel and immigration professionals** to ensure full compliance with applicable federal and state laws and regulations governing visa-sponsored employees. This guide may not reflect the most current legal developments or changes in the law.

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This document was produced with assistance from AI.
