

Household Employer Checklist



Are you a household employer?

- **Household employer** - You are a household employer and responsible for Federal Social Security and Medicare taxes if you pay cash wages of \$1,900 or more in 2014 to an employee in your home. If you pay wages of over \$1,000 or more in a calendar quarter, you must pay Federal unemployment taxes. Do not count wages you pay to your spouse, your child under age 21, your parent, or a person under 18.
- **Household employee** - A household employee is someone who performs work around your home such as a babysitter, nanny, health aid, maid, caretaker, or yard worker. A household worker is your employee if you can control not only what work is done, but how it is done. If the worker can control how and when the work is done, the worker is self-employed and not your employee. A self-employed worker usually provides his/her own tools and offers services to others also.

Necessary paperwork:

- **Obtain a Federal employer identification number.** You can register at the IRS website www.irs.gov.
- **Have the employee determine if he/she wants federal or state withholding.** It is not necessary to withhold tax from a household employee's check unless it is requested. On Form W-4.
- **Verify compliance with immigration laws.** Keep a Form I-9 on file for at least three years following the date of hire.
- **Report the new employee to the *New Hire Reporting Center* in your state.** This site can be accessed from the state link on the Federal ID number page. Do this within the first 20 days of hire.
- **Obtain a state ID number** if the employee requests withholding. This can also be accessed by the Federal ID page.
- **Inquire about state unemployment compensation rules.**
- **Obtain worker's compensation insurance.**
- **Withhold federal income tax, FICA, Medicare, and state taxes** according to the information on W-4. Even if you do not withhold federal or state taxes, you are required to withhold or pay Social Security tax at a rate of 6.2% and Medicare tax at a rate of 1.45%. You are also required to match these amounts with your own funds.
- **File estimated taxes quarterly to pay the federal taxes you have collected.** You will owe twice the FICA and Medicare you have collected plus the federal withholding. It's wise to pay ahead to avoid penalties. The amount of money involved can be substantial.
- **File a state quarterly withholding return** if you withheld state taxes.
- **File a quarterly state unemployment return.**
- **File W-2s for each employee at the end of the year.**
- **File a state reconciliation of tax withheld** if required.
- **File Schedule H with your Form 1040 to pay the federal taxes owed.** You must remit the federal tax you have withheld, 15.3% of the gross wages for FICA and Medicare, and 6% of the first \$7,000 for federal unemployment (FUTA).