

Questions & Answers About Household Employment

This memorandum is a quick introduction to household employment. If you hire someone to do household work, and you can control not only what work is done, but how it is done, the worker is your employee. You have a household employee—not an independent contractor. If the worker is your employee, it does not matter whether the work is full time or part time.

Resource for Tax Information

Obtain the Household Employer's Tax Guide **Publication 926** from the IRS. This publication includes everything you need to know about household employment.

Ask your Elder Care Coordinator to send you one or go to www.irs.gov or call 1-800-829-3676.

Can your employee legally work in the United States?

Find out if the person can legally work in the United States. Complete an **I-9** Employment Eligibility Verification form no later than the first day of work, the employee must complete the employee section of the form by providing certain required information and attesting to his or her current work eligibility status in the United States.

You should keep the completed Form I-9 in your own records.

Two copies of Form I-9 are contained in the Handbook for Employers (Form M-274) published by the USCIS. www.uscis.gov.

Tax Identification

Employers must obtain an employer identification number (EIN). The form SS-4 is available at the IRS or Social Security Administration offices or online at

www.irs.gov.

Should you pay Employment Taxes?

Contact your accountant regarding employment taxes.

- Keep payroll and other records.
- Withhold Social Security and Medicare taxes.
- Withhold and pay federal income tax if requested (form W-4, Employee Withholding Allowance Certificate completed by employee).

You are not required to withhold federal income tax from wages you pay a household employee. You should withhold federal income tax only if your household employee asks you to withhold it and you agree. The employee must give you a completed Form W-4.

- Federal Unemployment Tax (FUTA)
- Find out if you need to pay state taxes. Contact your state unemployment tax agency to find out whether you need to pay state unemployment tax for your household employee.
- Prepare and give your employee

Copies B, C, and 2 of Form W-2, Wage and Tax Statement. Send copy A of Form **W2** to the Social Security Administration.

Annual tax return

Taxpayers subject to household employment taxes must file a **Schedule H**, household employment taxes with the IRS when completing their annual individual income tax return, **IRS Form 1040**.

In this form, the taxpayer computes all social security, Medicare, and federal unemployment taxes accruing because of wages paid to the household employees. These taxes are then paid as additional tax liability when the taxpayer files form 1040. If you do not have to file a return still file, the Schedule H by itself.

Additional ways to protect yourself

Talk with your insurance agent/advisor regarding workers compensation coverage through your homeowner's policy.

If your caregiver will be driving the elder, consider adding the caregiver to auto insurance coverage.

Minimum Wage

Overtime is all hours over 40 in a work-week.

For current information, visit <http://www.minimum-wage.us/state.php/?state=Tennessee>.

Resources

There are a variety of resources to help simplify your payroll related responsibilities and ensure compliance with IRS rules. Two such providers are listed below.

[Nanny and Household Tax and Payroll Service | Care.com HomePay](https://www.care.com/homepay)

<https://www.care.com/homepay>

and

Homework Solutions – Household Payroll and Nany Tax Compliance Services

<https://www.homeworksolutions.com>

Sites included here in no way implies endorsement of services.