



## Topic 756 - Employment Taxes for Household Employees

Household employees include housekeepers, maids, baby-sitters, gardeners, and others who work in or around your private residence as your employees. Repairmen, plumbers, contractors, and other business people who work for you as independent contractors, are not your employees. Household workers are your employees if you can control not only the work they do but how they do it.

### Social Security and Medicare Taxes (Federal Insurance Contributions Act – FICA)

If you pay a household employee cash wages of more than the amount specified by law in a tax year (\$1,700 for 2009; \$1,600 for 2008; \$1,500 for 2007 and 2006), you generally must withhold social security and Medicare taxes from all cash wages you pay to that employee. (Cash wages include wages you pay by check or money order.) Unless you prefer to pay your employee's share of social security and Medicare taxes from your own funds, you should withhold 7.65 percent from each payment of cash wages. The specified dollar amount and percentages can be found under the topic "Do You Need To Pay Employment Taxes?" in [Publication 926](#) (PDF). Instead of paying this amount to your employee, pay it to the IRS with a matching amount for your share of the taxes. If you pay your employee's share of social security and Medicare taxes from your own funds, these amounts must be included in the employee's wages for income tax purposes. However, they are not counted as social security and Medicare wages or as Federal unemployment wages. Do not withhold or pay social security and Medicare taxes from wages you pay to:

1. your spouse,
2. your child who is under age 21,
3. your parent, unless an exception is met; or
4. an employee who is under age 18 at any time during the year unless performing household work is the employee's principal occupation. If the employee is a student, providing household work is not considered to be his or her principal occupation.

See page 4 of Publication 926 for more information on these exceptions.

### Federal Income Tax Withholding

You are not required to withhold Federal income tax from wages you pay to a household employee. However, if your employee asks you to withhold Federal income tax and you agree, you will need [Form W-4](#) (PDF), *Employee's Withholding Allowance Certificate*, and [Publication 15](#), (*Circular E*), *Employer's Tax Guide*, which has tax withholding tables. For 2009, you'll need to use Publication 15-T that has updated withholding tables to reflect the Making Work Pay Credit enacted in February 2009.

### Form W-2, Wage and Tax Statement

If you must withhold and pay social security and Medicare taxes, or if you withhold Federal income tax, you will need to file [Form W-2](#) (PDF), *Wage and Tax Statement*, for each employee after the end of the year. You will also need a [Form W-3](#) (PDF), *Transmittal of Wage and Tax Statement*. To complete Form W-2 you will need both an employer identification number and your employees' social security number. If you do not already have an employer identification number (EIN), one can be requested by submitting [Form SS-4](#) (PDF), *Application for Employer Identification Number*, or electronically, by accessing the "Businesses" link on the IRS website at [www.irs.gov](http://www.irs.gov) and clicking on "Employer ID Numbers" under "Related Topics". IRS assistants will provide you with an EIN via the phone if you cannot use the Internet application. Call 800-829-4933 7:00 a.m. to 10:00 p.m., local time. Refer to [Topic 752](#) and [Topic 755](#) for further information.

### Federal Unemployment Tax Act (FUTA)

If you paid cash wages to household employees totaling more than the specified dollar amount in any calendar quarter of the prior 2 years, you generally must pay Federal unemployment tax on a portion of the specified amount of cash wages you pay to each of your household employees in the current and following taxable years. However, do not count wages paid to your spouse, your child who is under the age of 21, or your parent. For specific dollar amounts and wages not counted, look under the heading "Do You Need To Pay Employment Taxes?" in [Publication 926](#) (PDF).

### **Schedule H, Household Employment Taxes**

If you must file Form W-2 or pay Federal unemployment tax, you will also need to file a [Form 1040, Schedule H](#) (PDF), *Household Employment Taxes*, after the end of the year with your individual income tax return, [Form 1040](#) (PDF), *U.S. Individual Income Tax Return*. If you are not required to file a Form 1040, you must still file Schedule H to report household employment taxes. However, a sole proprietor who must file [Form 940](#) (PDF), *Employer's Annual Federal Unemployment (FUTA) Tax Return*, and [Form 941](#) (PDF), *Employer's QUARTERLY Federal Tax Return*, or [Form 944](#), *Employer's ANNUAL Federal Tax Return*, for business employees, or [Form 943](#) (PDF), *Employer's Annual Federal Tax Return for Agricultural Employees*, for farm employees, may include household employee tax information on these forms. If you choose to include the wages for a household employee on the forms shown above, be sure to pay any taxes due using the required depository method and by the date required based on the form. Additional information is available in the instructions for the form.

If you cannot or do not report the taxes on the forms above, you can avoid owing tax with your Form 1040 if you pay enough Federal income tax before you file your Form 1040 to cover both the employment taxes for your household employee and your income tax. If you are employed, you can ask your employer to withhold more Federal income tax from your wages during the year. You can also make estimated tax payments to the IRS during the year or increase the payments you already make. Use [Form 1040-ES](#) (PDF) to make estimated tax payments.

You may have to pay an estimated tax penalty if you do not prepay your household employment taxes during the year. Refer to [Topic 306](#).

For more information, refer to [Publication 926](#), *Household Employer's Tax Guide*.

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This page can be found at:  
<http://www.irs.gov/taxtopics/tc756.html>