



# Household Employees

## MLF Accounting

PO Box 1404, La Mesa, CA 91941

Phone: 619.303.4191 FAX: 619.465.8968

michelle@mlfaccounting.com

### Household Employees

If you have a household employee, you may need to withhold and pay Social Security and Medicare taxes (FICA), pay federal unemployment tax (FUTA), or both.

#### Workers Who Are Household Employees

A household employee is an employee hired to perform work in or around your home. The worker is an employee if you can control both what and how work is done. It does not matter whether the work is full-time or part-time or that the worker was hired through an agency or association. It also does not matter whether the worker is paid on an hourly, daily, or weekly basis, or by the job.

**Note:** If the worker usually provides his or her own work tools and offers services to the general public, he or she is an independent contractor and not a household employee.

#### Household Workers

Some examples of workers who do household work include the following.

- Babysitters age 18 or older.
- Caretakers.
- Domestic workers.
- Drivers.
- Health aides.
- Housecleaning workers.
- Housekeepers.
- Maids.
- Nannies.
- Private nurses.
- Yard workers.

#### Workers Who Are Not Household Employees

If only the worker can control how the work is done, the worker is not a household employee but is self-employed. A self-employed worker usually provides his or her own tools and offers services to the general public as an independent business. A worker who performs child care services in his or her own home generally is not a household employee.

A worker hired through an agency is not your employee if the agency is responsible for who does the work and how it is done.

### Household Employment Taxes

If you have household employees, you must file Schedule H (Form 1040), *Household Employment Taxes*, to report FICA tax, FUTA tax, and federal income tax withholding (if any).

Form W-2 must be filed for each of your household employees who was paid Social Security or Medicare wages of \$2,800 (2025) or more, or wages of any amount if federal income tax was withheld.

If you are required to file Schedule H (Form 1040) with your 2025 individual tax return you must obtain an Employer Identification Number (EIN) by January 31, 2026.

#### FICA

The Social Security tax pays for old-age, survivors, and disability benefits for workers and their families. The Medicare tax pays for hospital insurance. Both you and your household employee may owe Social Security and Medicare taxes. For 2025, the employer and employee share is 7.65% (6.2% for Social Security tax and 1.45% for Medicare tax) of your employee's FICA wages. You are responsible for remitting both your employee's and your share of the taxes. Typically, your employee's share is withheld from his or her wages and submitted with your payment.



## Household Employees

### Calculating FICA Taxes

FICA taxes on Social Security and Medicare wages paid to your household employees are calculated by you.

If you pay your household employee cash wages of \$2,800 or more in 2025, all cash wages you pay to that employee in 2025, up to \$176,100, (regardless of when the wages were earned) are Social Security wages and all cash wages are Medicare wages. However, any noncash wages paid do not count as FICA wages.

If you pay your employee less than \$2,800 in cash wages in 2025, none of the wages are FICA wages and neither you nor your employee will owe FICA taxes on those wages.

### Cash Wages

Cash wages include wages paid by check, money order, or money transfer app. Cash wages do not include the value of food, lodging, clothing, and other noncash items you give your household employee. However, cash you give your employee in place of these items is included in cash wages.

### Wages Not Counted

Do not count wages paid to any of the following individuals as FICA wages.

- 1) Your spouse.
- 2) Your child who is under age 21.
- 3) Your parent. **Exception:** Count these wages if your parent cares for your child who is either under age 18 or has a physical or mental condition that requires personal care by an adult, and your marital status is either divorced, widowed, or living with a person whose physical or mental condition prevents him or her from caring for your child.
- 4) An employee under age 18 at any time during the year. **Exception:** Count these wages if providing household services is the employee's principal occupation. If the employee is a student, providing household services is not considered to be his or her principal occupation.

## FUTA

The federal unemployment tax is part of a federal program that pays unemployment compensation to workers who lose their job. Like most employers, you may owe both the federal unemployment tax (FUTA) and a state unemployment tax. The FUTA rate is 6% of your employee's FUTA wages. However, you may be able to take a credit of up to 5.4% against FUTA tax, resulting in a net tax rate of 0.6%. **Note:** FUTA tax is not withheld from employee's wages. You must pay FUTA tax from your own funds.

### FUTA Wages

Calculate the FUTA tax on FUTA wages paid. If you pay cash wages to all your household employees totaling \$1,000 or more in any calendar quarter of 2024 or 2025, the first \$7,000 of cash wages you pay to each household employee in 2025 is FUTA wages.

Do not include cash wages paid in 2025 to any of the following.

- Your spouse.
- Your child who is under age 21.
- Your parent.

If your employee's cash wages reach \$7,000 during the year, do not calculate FUTA tax on any wages paid to that employee during the rest of the year.

### State Employment Taxes

If you do not need to pay FICA or FUTA taxes and do not choose to withhold federal income tax, you may still need to pay state unemployment tax or carry workers' compensation insurance.

## Federal Income Tax Withholding

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.

## Contact Us

There are many events that occur during the year that can affect your tax situation. Preparation of your tax return involves summarizing transactions and events that occurred during the prior year. In most situations, treatment is firmly established at the time the transaction occurs. However, negative tax effects can be avoided by proper planning. Please contact us in advance if you have questions about the tax effects of a transaction or event, including the following:

- Pension or IRA distributions.
- Significant change in income or deductions.
- Job change.
- Marriage.
- Attainment of age 59½ or 73.
- Sale or purchase of a business.
- Sale or purchase of a residence or other real estate.
- Retirement.
- Notice from IRS or other revenue department.
- Divorce or separation.
- Self-employment.
- Charitable contributions of property in excess of \$5,000.

This brochure contains general information for taxpayers and should not be relied upon as the only source of authority. Taxpayers should seek professional tax advice for more information.

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