

LAWRENCE TAX SERVICE

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Hiring Caregivers and Other Household Employees

If you hire others to help you and/or your family members, the IRS may consider you “household employers” responsible for paying and reporting payroll taxes. If you fail to do so, you will be liable for your share of the back payroll taxes, but also have to pay your household employees’ share plus penalties and interest. In addition, you may owe both the federal and state unemployment taxes or one of them.

There is no three-year statute of limitation for unpaid employment taxes if no tax return is filed. No matter how long ago your nanny, housekeeper or caretaker worked for you, if he or she applied for unemployment benefits and listed you as his or her employer, the IRS will knock on your door.

Some of the examples of possible household work are:

- Babysitters
- Caretakers
- Cleaning people
- Cooks
- Domestic Workers
- Drivers
- Health aids
- Housekeepers
- Maids
- Nannies
- Private Nurses
- Yard Workers

Whether their work is full-time or part-time or whether they are paid hourly, daily, weekly or by the job, these workers are your employees as long as you hire them yourself or through an agency and control not only what work is done, but also how it is done.

As always, there are exceptions to this. A worker is not a household employee if you pay an agency for the service. If an agency provides workers and controls what work is done and how it is done, the workers are not your employees. If only the worker can control how the work is done, they are not your employee. The worker is self-employed. For example, if you arrange a private nurse to come to your house to take care of your spouse for a few hours per day while you work or run errands, the private nurse is your household employee. Therefore, you may be

responsible for reporting and paying payroll taxes as well as the federal and/or state unemployment tax. But if you take your spouse to the private nurse's home for care, the private nurse is not your employee.

If you are not sure whether you are a household employer and discuss further, please do not hesitate to contact us. We are here to help!

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