



Washington Fact Sheet:

Household Employment Tax Compliance

HOMework SOLUTIONS IS HERE TO HELP!

Payroll tax compliance for your new employee does not need to be terrifying, time consuming or expensive. HomeWork Solutions is a nationally recognized "household payroll" service company, providing household employers nationwide with trusted and time saving payroll and payroll tax solutions.

CLASSIFICATION IS THE KEY

You become a household employer when you hire an individual to perform duties and provide services under your direction in your private home. Generally, these workers are your employees, not independent contractors. Failure to properly classify the worker and make the appropriate employment tax filings and payments is considered tax fraud by the IRS. HomeWork Solutions is here to help.

PAYROLL TAX RESPONSIBILITIES

You are responsible for employment taxes when you pay a household worker who is 18 years or older \$2100 (2018) or more.

Social Security and Medicare Taxes

The household employer is responsible for the payment of all Social Security and Medicare taxes to the IRS. You may choose to either collect your employee's taxes via payroll deductions or fund these taxes yourself.

Unemployment Taxes

You will make contributions to the IRS and Washington to fund unemployment and worker re-training programs.

Income taxes

Federal and state income taxes are ultimately the responsibility of the household employee; however, it is a best practice to deduct these taxes from your full time employee's wages to help them avoid owing large sums when they file their annual income tax returns.

"I could do this myself but HomeWork Solutions is so easy to work with. Dealing with seniors every day, I know the assurance that required paperwork is completed accurately, reliably and on time for senior care is invaluable"
- Stacy C., Attorney, Washington D.C.

"Please renew my annual service. I did find a new nanny, Mary Poppins to be exact ;-), and I will be needing your services again. Thanks for a great service!"
- Janine M., Mother, Cary, NC

Tax Filings

You have both Federal and State tax filing responsibilities. Federal employment taxes are reconciled with the household employer's annual Federal Income tax return. Your state will require quarterly unemployment tax filings, as well as reports and remittance of state income taxes withheld, if applicable. Employee wages are reported to the Social Security Administration. Your employee is due a W-2 form in January.

OTHER LEGAL RESPONSIBILITIES

VERIFICATION OF WORK ELIGIBILITY

All U.S. employers are required to verify a candidate's employment eligibility using Form I-9.

FAIR LABOR STANDARDS ACT (FLSA) COMPLIANCE

- Maintain accurate and contemporaneous records including time tracking , gross pay calculations, and detailed records of all deductions from the employee paycheck
- Pay no less than minimum wage on an hourly rate basis

WASHINGTON LABOR LAWS

- **MINIMUM WAGE & OVERTIME PAY:** Washington defers to the FLSA, which requires that all domestics, excluding companions, be paid at no less than the greater of the state or federal minimum wage, and that all live-out workers be paid an overtime differential of 1.5 times the hourly wage for hours over 40 in a work week. Live-in domestics, again excluding companions, must be paid their hourly wage for all hours worked, without an overtime differential.
- **PAYROLL FREQUENCY:** Washington allows you to pay your household worker daily, weekly, bi-weekly, semi-monthly, or once per month. Pay upon separation is due on the next scheduled pay date.
- **WORKERS' COMPENSATION INSURANCE:** Washington requires household employers to obtain Workers' Compensation Insurance when they employ 2 or more. Insurance is obtained from the state's Department of Labor and Industry.
- **PAID TIME OFF:** Washington does not mandate any paid time off for non-exempt workers.

HEALTH INSURANCE

You are not required to provide employee health insurance, however there are financial and retention advantages to paying for some or all of your employee's health insurance premium. HWS is happy to discuss this with you.

HWS WILL HELP YOU DO THE RIGHT THING

HWS knows that most families want to pay their household employees legally and insure that the employee receives workers compensation and unemployment insurance protections. You also want to establish a principled relationship with your employee who is caring for and interacting with precious family members. Getting the relationship started on the right footing, including complying with legal and tax formalities, helps set the tone for the relationship.

The hassle of figuring out the tax rules, securing the necessary tax accounts and dealing with all the paperwork and calculations can seem overwhelming. HWS was founded specifically to help families like yours to do the right thing with a minimum of fuss and bother.

HomeWorkSolutions.com | (877) 899-3004 |

