

Household Employer Tax Obligations

You are a household employer if you pay someone more than \$1,300.00 in a calendar year to regularly perform duties in or around your home. Your household employment taxes will be approximately 10-11% of your nanny's gross earnings. These taxes are in addition to your nanny's salary.

You are responsible for paying Federal Unemployment Tax plus half of Social Security and Medicare taxes. In Massachusetts, you also pay Unemployment Insurance taxes if the nanny is paid more than \$1,000.00 in any quarter. State taxes are paid quarterly, while federal taxes are paid annually.

Your nanny is also responsible for federal and state taxes. These are withheld from gross earnings each pay period. The amount of your nanny's taxes varies depending on her marital status and allowances claimed on her W-4.

While you are required to withhold Social Security and Medicare, it is also recommended – but not required – that you withhold all federal and state income taxes from your nanny's pay.

Filing Requirements

When you withhold taxes for your nanny, you will file and remit your taxes, as well as your nanny's taxes to the state and the IRS. Your nanny will still file annual Massachusetts and federal income tax returns, but all taxes will be paid.

Massachusetts State Taxes

Massachusetts state taxes for you and your nanny are due quarterly. You file returns and remit taxes for:

- State unemployment insurance
- State income taxes

Federal Taxes

Federal taxes for you and your nanny are due annually. You will file and remit taxes for:

- Social Security and Medicare
- Federal unemployment insurance
- Federal income taxes

Getting Help

There are payroll services that will handle household payroll for you, including computing the correct withholding and preparing and filing the required forms. Because they specialize in household employment, it may be most useful to contract their services.

On the internet you can find information (including computation of your nanny's taxes on line):

www.gtmassociates.com

You can also call GTM:

GTM Associates: 888-4-EASYPAY (888-432-7972)