



Household Workers

Do you plan to pay a cleaning person, cook, gardener, babysitter or other household worker at least \$2,100 in 2018? Include any cash you pay for your employee's transportation, meals, and housing in the total. If you will pay at least \$2,100 to one person, you have some responsibilities.

Meeting those responsibilities will ensure your household worker gets credit toward Social Security benefits and Medicare coverage. When you pay at least \$2,100 in wages to a household worker, you must:

- Deduct Social Security and Medicare taxes from those wages;
- Pay these taxes to the Internal Revenue Service (IRS); and
- Report the wages to Social Security.

For every \$2,100 in wages, most household employees earn a quarter of coverage toward Social Security benefits and Medicare coverage. Generally, people need 10 years of coverage to qualify for:

- Retirement benefits (as early as age 62);
- Disability benefits for the worker and the worker's dependents;
- Survivors benefits for the worker's family; and
- Medicare benefits.

Are services performed by all household workers covered under Social Security?

Special rules apply in the following situations.

- If you run a hotel, rooming house, or boarding house, report all wages.
- Unless household employment is the worker's primary occupation, do not pay Social Security taxes for baby sitters or other workers younger than age 18.
- If you pay for housework performed by your children who are 21 or older, pay Social Security taxes on their wages.

- If you pay one or more of your parents for housework, their wages may be taxable, and you should check to see if this tax rule applies in their case.

Contact any Social Security office for more information.

Deducting Social Security and Medicare taxes

As an employer, you pay a 6.2 percent Social Security tax on up to \$128,400 (in 2018) of your employee's earnings and a 1.45 percent Medicare tax on all earnings. Employees pay the same tax rates; they also pay 0.9 percent more in Medicare taxes on earnings higher than \$200,000 (\$125,000 if married, filing separately or \$250,000 if married, filing jointly).

Paying taxes to IRS

Contact the IRS about reporting requirements or forms. Employees there will tell you how to complete forms, and when and where to file them. Also, see IRS Publication 926, Household Employer's Tax Guide, www.irs.gov/publications/p926/index.html, for information about what forms you need to file and when.

Things you may want to know:

- **Keeping records** — Record the names, addresses, and Social Security numbers of all household workers and the amount of wages you paid them. Copy the Social Security number directly from each person's Social Security card. If one of your employees does not have a card, he or she should apply for one at any Social Security office.
- **Filing IRS forms and withheld wages** — Use your federal income tax return (IRS Form 1040) to report wages of \$2,100 or more that you paid a household worker. As the employer, pay your share of the Social Security and Medicare taxes. Also, pay the taxes you withheld from the employee's wages.

Reporting wages to Social Security

You must give your household employee copies B, C and 2 of IRS Form W-2 (*Wage and Tax Statement*) by January 31 after the year the wages were paid. Send copy A of Form W-2 with Form W-3, Transmittal of Wage and Tax Statement, to Social Security by the last day of January if filing electronically or on paper in the year following the wage reporting year. You can get this form and the instructions for completing it by contacting any IRS office. Or, if you have a personal computer with internet access and a printer, you can use *W-2 Online*. *W-2 Online* is Social Security's free electronic filing option for employers. With *W-2 Online*, you can access an electronic Form W-2, complete the form, and submit it to Social Security over the internet. The service even completes a Form W-3 (transmittal) for you. You can also print the copies your employee(s) need to file their taxes as well as copies for your records.

To get started, register for a User ID and password at the Business Services Online website: www.socialsecurity.gov/bsowelcome.htm. For more information, including step-by-step instructions, go to www.socialsecurity.gov/employer/bsohbnew.htm.

How your household worker earns credit for Social Security

Household work is credited somewhat differently from other work. Generally, a person earns one credit for each \$1,320.00 of reported earnings (in 2018), up to a maximum of four credits for the year. However, a household worker will earn Social Security credit only for earnings of at least \$2,100 from each employer. For example, a household employee who worked for three employers and was paid \$900, \$1,100, and \$2,100 respectively (a total of \$4,100) would receive only one Social Security credit with \$2,100 posted to his or her Social Security record.

How many credits workers (including household workers) need to qualify for Social Security depends on their age and the kind of benefit they might be eligible to receive. Most people need about 10 years of work (40 credits) to qualify for benefits. Younger people need fewer credits to be eligible for disability benefits or for their family members to be eligible for survivor benefits when they die.

Remember, if you do not report the wages for your employee, he or she may not have enough credits to get Social Security benefits, or the amount of the benefit may be less.

Contacting Social Security

The most convenient way to contact us anytime, anywhere is to visit www.socialsecurity.gov. There, you can: apply for benefits; open a *my* Social Security account, which you can use to review your *Social Security Statement*, verify your earnings, print a benefit verification letter, change your direct deposit information, request a replacement Medicare card, and get a replacement SSA-1099/1042S; obtain valuable information; find publications; get answers to frequently asked questions; and much more.

If you don't have access to the internet, we offer many automated services by telephone, 24 hours a day, 7 days a week. Call us toll-free at **1-800-772-1213** or at our TTY number, **1-800-325-0778**, if you're deaf or hard of hearing.

If you need to speak to a person, we can answer your calls from 7 a.m. to 7 p.m., Monday through Friday. We ask for your patience during busy periods since you may experience a higher than usual rate of busy signals and longer hold times to speak to us. We look forward to serving you.



Securing today
and tomorrow

Social Security Administration
Publication No. 05-10021 | ICN 454750 | Unit of Issue — HD (one hundred)
January 2018 (Recycle prior editions)
Household Workers
Produced and published at U.S. taxpayer expense