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Household Employer's Tax Guide

For Wages Paid in 2000



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Important Changes for 2000

Social security and Medicare wage threshold increased to \$1,200. The \$1,100 social security and Medicare wage threshold has been increased to \$1,200 for 2000. This means that if you pay a household employee cash wages of less than \$1,200 in 2000, you do not have to report and pay social security and Medicare taxes on that employee's 2000 wages. For more information, see *Social security and Medicare wages* on page 3.

Photographs of missing children. The Internal Revenue Service is a proud partner with the National Center for Missing and Exploited Children. Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling **1-800-THE-LOST (1-800-843-5678)** if you recognize a child.

Introduction

If you have a household employee in 2000, you may need to pay state and federal employment taxes. You generally must add your federal employment taxes to the income tax that you will report on your 2000 federal income tax return.

This publication will help you decide whether you have a household employee and, if you do, whether you

need to pay federal employment taxes. It explains how to figure, pay, and report social security tax, Medicare tax, federal unemployment tax, and federal income tax withholding for your household employee. It also explains what records you need to keep.

This publication also tells you where to find out whether you need to pay state unemployment tax for your household employee.

Who Is a Household Employee?

The information in this publication applies to you only if you pay someone for household work and that worker is your employee. Household work is work done in or around your home by babysitters, nannies, health aides, private nurses, maids, caretakers, yard workers, and similar domestic workers. Therefore, you are not normally a household employer if, for example, another person performs child care services for you in his or her own home.

A household worker is your employee if you can control not only what work is done, but how it is done. If the worker is your employee, it does not matter whether the work is full time or part time, or that you hired the worker through an agency or from a list provided by an agency or association. It also does not matter whether you pay the worker on an hourly, daily, or weekly basis, or by the job.

If only the worker can control how the work is done, the worker is not your employee but is self-employed. A self-employed worker usually provides his or her own tools and offers services to the general public in an independent business. If an agency provides the worker and controls what work is done and how it is done, the worker is not your employee.

More information about who is an employee is in Publication 15-A, *Employer's Supplemental Tax Guide*.

Example 1. You pay Betty Shore to babysit your child and do light housework 4 days a week in your home. Betty follows your specific instructions about household and child care duties. You provide the household equipment and supplies that Betty needs to do her work. Betty is your household employee.

Example 2. You made an agreement with John Peters to care for your lawn. John runs a lawn care business and offers his services to the general public. He provides his own tools and supplies, and he hires and pays any helpers he needs. Neither John nor his helpers are your household employees.

Can Your Employee Legally Work in the United States?



It is unlawful for you to knowingly hire or continue to employ an alien who cannot legally work in the United States.

When you hire a household employee to work for you on a regular basis, you and the employee must complete the Immigration and Naturalization Service (INS) Form I-9, *Employment Eligibility Verification*. No later than the first day of work, the employee must complete the employee section of the form by providing certain required information and attesting to his or her current work eligibility status in the United States. You must complete the employer section by examining documents presented by the employee to demonstrate his or her identity and current work authorization. In cases where employment eligibility expires while your employee still works for you, you must reverify his or her work authorization by requiring the employee to present another document establishing continued work eligibility. Acceptable documents for employment eligibility verification and reverification are listed on Form I-9. You should retain the completed Form I-9 in your own records. Do not submit it to the IRS, INS, or to any other government or other entity. The form must be kept available for review upon notice by an authorized U.S. Government official.



Two copies of Form I-9 are contained in the *INS Handbook for Employers* (Form M-274). Call the INS at **1-800-870-3676** to order the handbook. If you have questions about the employment eligibility verification process or other immigration-related employment matters, contact the INS Office of Business Liaison at **1-800-357-2099**.

Do You Need To Pay Employment Taxes?

If you have a household employee, you may need to withhold and pay social security and Medicare taxes, or pay federal unemployment tax, or both. To find out, read *Table 1* on page 3.

You do not need to withhold federal income tax from your household employee's wages. But if your employee asks you to withhold it, you can choose to do so. See *Do You Need To Withhold Federal Income Tax?* on page 5.

If you need to pay social security, Medicare, or federal unemployment tax or choose to withhold federal income tax, read *Table 2* on page 4 for an overview of things you may need to do.



Child and dependent care expenses. *If your household employee cares for your dependent who is under age 13 or for your spouse or dependent who is not capable of self care, you may be able to take an income tax credit of up to 30% of your expenses. To qualify, you must pay these expenses so you can work or look for work. If you can take the credit, you can include in your qualifying expenses your share of the federal and state employment taxes you pay, as well as the employee's wages. For information about the credit, get Publication 503, Child and Dependent Care Expenses.*

Table 1. Do You Need To Pay Employment Taxes?

If you:	Then you need to:
<p>A—Pay cash wages of \$1,200 or more in 2000 to any one household employee.</p> <p>Do not count wages you pay to—</p> <ul style="list-style-type: none"> ● Your spouse, ● Your child under age 21, ● Your parent, or ● Any employee under age 18 at any time in 2000. <p style="margin-left: 150px;">} See pages 3 and 4 for exceptions.</p>	<p>Withhold and pay social security and Medicare taxes. (Page 3)</p> <ul style="list-style-type: none"> ● The taxes are 15.3% of cash wages. ● Your employee's share is 7.65%. (You can choose to pay it yourself and not withhold it.) ● Your share is a matching 7.65%.
<p>B—Pay total cash wages of \$1,000 or more in any calendar quarter of 1999 or 2000 to household employees.</p> <p>Do not count wages you pay to—</p> <ul style="list-style-type: none"> ● Your spouse, ● Your child under age 21, or ● Your parent. 	<p>Pay federal unemployment tax. (Page 5)</p> <ul style="list-style-type: none"> ● The tax is usually 0.8% of cash wages. ● Wages over \$7,000 a year per employee are not taxed. ● You may also owe state unemployment tax.

Note: If neither A nor B above applies, you do not need to pay any federal employment taxes. But you may still need to pay state employment taxes.

If you do not need to pay social security, Medicare, or federal unemployment tax and do not choose to withhold federal income tax, read *State employment taxes*, next. The rest of this publication does not apply to you.

State employment taxes. You should contact your state unemployment tax agency to find out whether you need to pay state unemployment tax for your household employee. For the address and phone number, see the list beginning on page 11 of this publication. You should also find out whether you need to pay or collect other state employment taxes or carry workers' compensation insurance.

Social Security and Medicare Taxes

The Federal Insurance Contributions Act (FICA) provides for a federal system of old-age, survivors, disability, and hospital insurance for workers and their families. The social security tax pays for old-age, survivors, and disability benefits. The Medicare tax pays for hospital insurance.

Both you and your household employee may owe social security and Medicare taxes. The taxes for each of you are 7.65% (6.2% for social security tax and 1.45% for Medicare tax) of the employee's social security and Medicare wages.

You are responsible for payment of your employee's share of the taxes as well as your own. You can either withhold your employee's share from the employee's wages or pay it from your own funds. Pay the taxes as discussed under *How Do You Make Tax Payments?* on page 6. Also, see *What Forms Must You File?* on page 7.

Social security and Medicare wages. You figure social security and Medicare taxes on the social security and Medicare wages you pay your employee. If you pay your household employee cash wages of \$1,200 or more in 2000, all cash wages you pay to that employee in 2000 (regardless of when the wages were earned) are social security and Medicare wages. If you pay the employee less than \$1,200 in cash wages in 2000, none of the wages you pay the employee are social security and Medicare wages, and neither you nor your employee will owe social security or Medicare tax on those wages.

State disability payments treated as wages. Certain state disability plan payments that your household employee may receive are included as social security and Medicare wages. For more information about these payments, see the instructions for Schedule H (Form 1040), *Household Employment Taxes*, and the notice issued by the state.

Wages not counted. Do not count wages you pay to any of the following individuals as social security and Medicare wages, even if these wages are more than \$1,200 during the year.

- 1) Your spouse.
- 2) Your child who is under age 21.
- 3) Your parent. **Exception:** Count these wages if both of the following conditions apply.
 - a) Your parent cares for your child who lives with you and either is under age 18 **or** has a physical or mental condition that requires the personal care of an adult for at least 4 continuous weeks in a calendar quarter.
 - b) You are divorced and have not remarried, or you are a widow or widower, or you are living with a spouse whose physical or mental condi-

Table 2. Household Employer's Checklist

You may need to do the following things when you have a household employee. Page numbers are given to help you find the related discussion in this publication.

When you hire a household employee:	<input type="checkbox"/> Find out if the person can legally work in the United States. (Page 2) <input type="checkbox"/> Find out if you need to pay state taxes. (Page 3)
When you pay your household employee:	<input type="checkbox"/> Withhold social security and Medicare taxes. (Page 3) <input type="checkbox"/> Withhold federal income tax. (Page 5) <input type="checkbox"/> Make advance payments of the earned income credit. (Page 6) <input type="checkbox"/> Decide how you will make tax payments. (Page 6) <input type="checkbox"/> Keep records. (Page 8)
By January 31, 2001:	<input type="checkbox"/> Get an employer identification number. (Page 7) <input type="checkbox"/> Give your employee Copies B, C, and 2 of Form W-2, <i>Wage and Tax Statement</i> . (Page 8)
By February 28, 2001:	<input type="checkbox"/> Send Copy A of Form W-2 to the Social Security Administration. (Page 8)
By April 16, 2001:	<input type="checkbox"/> File Schedule H (Form 1040), <i>Household Employment Taxes</i> , with your 2000 federal income tax return (Form 1040). If you do not have to file a return, use one of the other filing options, such as the option to file Schedule H by itself. (Page 8)

tion prevents him or her from caring for your child for at least 4 continuous weeks in a calendar quarter.

- 4) An employee who is 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.

Also, if your employee's social security and Medicare wages reach \$76,200 in 2000, do not count any wages you pay that employee during the rest of the year as social security wages to figure social security tax. (But continue to count the employee's cash wages as Medicare wages to figure Medicare tax.)

Cash wages. Cash wages include wages you pay with checks, money orders, etc. 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.

If you reimburse your employee for the amount paid for transit passes used to commute to your home, do not count the reimbursement (up to \$65 per month) as wages. A transit pass includes any pass, token, farecard, voucher, or similar item entitling a person to ride on mass transit, such as a bus or train.

If you reimburse your employee for the amount paid for parking at or near your home or at or near a location from which your employee commutes to your home, do not count the reimbursement (up to \$175 per month) as wages.

Withholding the employee's share. You should withhold the employee's share of social security and Medicare taxes if you expect to pay your household employee social security and Medicare wages of \$1,200 or more in 2000. However, if you prefer to pay the employee's share yourself, see *Not withholding the employee's share*, next.

You may withhold the employee's share of the taxes even if you are not sure your employee's social security and Medicare wages will be \$1,200 or more in 2000. If you withhold the taxes but then actually pay the employee less than \$1,200 in social security and Medicare wages for the year, you should repay the employee.

Withhold 7.65% (6.2% for social security tax and 1.45% for Medicare tax) from each payment of social security and Medicare wages. You can use the table on page 14 to figure the proper amount to withhold. Instead of paying this amount to your employee, you will pay it to the IRS with a matching amount for your share of the taxes. Do not withhold any social security tax after your employee's social security wages for the year reach \$76,200.

If you make an error by withholding too little, you should withhold additional taxes from a later payment. If you withhold too much, you should repay the employee.

Example. You hire a household employee (who is an unrelated individual over age 18) to care for your child and agree to pay cash wages of \$100 every Friday. You expect to pay your employee \$1,200 or more for the year. You should withhold \$7.65 from each \$100 wage payment and pay your employee the remaining \$92.35. The \$7.65 is the sum of \$6.20 ($\$100 \times 6.2\%$) for your employee's share of social security tax and \$1.45 ($\$100 \times 1.45\%$) for your employee's share of Medicare tax. You will match the \$7.65 you withhold with \$7.65 from your own funds when you pay the taxes.

Not withholding the employee's share. If you prefer to pay your employee's social security and Medicare taxes from your own funds, you do not have to withhold them from your employee's wages. The social security and Medicare taxes you pay to cover your employee's share must be included in the employee's wages for income tax purposes. However, they are not counted as social security and Medicare wages or as federal unemployment (FUTA) wages.

Example. You hire a household employee (who is an unrelated individual over age 18) to care for your child and agree to pay cash wages of \$100 every Friday. You expect to pay your employee \$1,200 or more for the year. You decide to pay your employee's share of social security and Medicare taxes from your own funds. You pay your employee \$100 every Friday without withholding any social security or Medicare taxes. For each wage payment you will pay \$15.30 when you pay the taxes. This is \$7.65 (\$6.20 for social security tax plus \$1.45 for Medicare tax) to cover your employee's share plus a matching \$7.65 for your share. For income tax purposes, your employee's wages each payday are \$107.65 (\$100 plus the \$7.65 that you will pay to cover your employee's share of social security and Medicare taxes).

Federal Unemployment (FUTA) Tax

The federal unemployment tax is part of the federal and state program under the Federal Unemployment Tax Act (FUTA) that pays unemployment compensation to workers who lose their jobs. Like most employers, you may owe both the federal unemployment tax (the FUTA tax) and a state unemployment tax. Or, you may owe only the FUTA tax or only the state unemployment tax. To find out whether you will owe state unemployment tax, contact your state's unemployment tax agency. See the list of state unemployment agencies in the Appendix on page 11 for the address.

The FUTA tax is 6.2% of your employee's FUTA wages. However, you may be able to take a credit of up to 5.4% against the FUTA tax, resulting in a net tax of 0.8%. But to do so, you must pay all the required contributions for 2000 to your state unemployment fund by April 16, 2001. The credit you can take for any contributions that you pay for 2000 after April 16, 2001, is limited to 90% of the credit that would have been allowable if the contributions were paid on or before April 16, 2001.



You must complete the following worksheet to figure the credit for late contributions.

Worksheet for Credit Computation if Any State Contributions Were Paid After the Due Date for Filing Form 1040	
A. Enter the amount from Schedule H, line 23	_____
B. Enter the amount from Schedule H, line 20	_____
C. Subtract line B from line A	_____
D. Enter total contributions paid to the state after the Form 1040 due date. _____	_____
E. Enter the smaller of lines C or D.	_____
F. Multiply line E by .90 (90%)	_____
G. Add lines B and F	_____
H. Enter the smaller of the amounts on lines A and G here, and on Schedule H, line 24	_____

Pay the tax as discussed under *How Do You Make Tax Payments?* on page 6. Also, see *What Forms Must You File?* on page 7.



Do not withhold the FUTA tax from your employee's wages. You must pay it from your own funds. The FUTA tax is not included in your employee's wages for income tax purposes.

FUTA wages. You figure the FUTA tax on the FUTA wages you pay. If you pay cash wages to household employees totaling \$1,000 or more in any calendar quarter of 2000, the first \$7,000 of cash wages you pay to each household employee in 2000 and 2001 is FUTA wages. (A calendar quarter is January through March, April through June, July through September, or October through December.) If your employee's cash wages reach \$7,000 during the year, do not figure the FUTA tax on any wages you pay that employee during the rest of the year. For a discussion of "cash wages," see page 4.

If the cash wages you pay is less than \$1,000 in each calendar quarter of 2000, but you had a household employee in 1999, the cash wages you pay in 2000 may still be FUTA wages. They are FUTA wages if the cash wages you paid to household employees in any calendar quarter of 1999 totaled \$1,000 or more.

Wages not counted. Do not count wages you pay to any of the following individuals as FUTA wages.

- 1) Your spouse.
- 2) Your child who is under age 21.
- 3) Your parent.

Example. You hire a household employee (who is not related to you) on January 1, 2000, and agree to pay cash wages of \$200 every Friday. During January, February, and March you pay the employee cash wages of \$2,600. Because you pay cash wages of \$1,000 or more in a calendar quarter of 2000, the first \$7,000 of cash wages you pay the employee (or any other employee) in 2000 or 2001 is FUTA wages. The FUTA wages you pay may also be subject to your state's unemployment tax.

During 2000, you pay your household employee cash wages of \$10,400. You pay all the required contributions for 2000 to your state unemployment fund by April 16, 2001. Your FUTA tax for 2000 is \$56 (\$7,000 × 0.8%).

Do You Need To Withhold Federal Income Tax?

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**. The employee must give you a completed Form W-4, *Employee's Withholding Allowance Certificate*, if you both agree to withhold federal income tax.

Your employee's request for withholding goes into effect as an agreement between you and your employee when you accept the request by beginning the withholding. You or your employee may end the agreement by letting the other know in writing.

If you agree to withhold federal income tax, you are responsible for paying it to the IRS. Pay the tax as discussed under *How Do You Make Tax Payments?* on page 6. Also, see *What Forms Must You File?* on page 7.

Use the income tax withholding tables in Publication 15, *Circular E, Employer's Tax Guide*, to find out how much to withhold. Figure federal income tax withholding on wages before you deduct any amounts for other withheld taxes. Withhold federal income tax from each payment of wages based on the filing status and exemptions shown on your employee's Form W-4. Publication 15 contains detailed instructions.

Wages. You figure federal income tax withholding on both cash and noncash wages you pay. Measure wages you pay in any form other than cash by the fair market value of the noncash item.

Do not count as wages any of the following items.

- Meals provided to your employee at your home for your convenience.
- Lodging provided to your employee at your home for your convenience and as a condition of employment.
- Up to \$65 a month for transit passes you give your employee, or for any cash reimbursement you make for the amount your employee pays for transit passes used to commute to your home. A transit pass includes any pass, token, farecard, voucher, or similar item entitling a person to ride on mass transit, such as a bus or train.
- Up to \$175 a month for the value of parking you provide your employee, or for any cash reimbursement you make for the amount your employee pays for parking at or near your home or at or near a location from which your employee commutes to your home.

See Publication 15 for more information on cash and noncash wages.

Paying tax without withholding. Any income tax you pay for your employee without withholding it from the employee's wages must be included in the employee's wages for federal income tax purposes. It is also counted as social security and Medicare wages and as federal unemployment (FUTA) wages.

What Do You Need To Know About the Earned Income Credit?

Certain workers can take the earned income credit (EIC) on their federal income tax return. This credit reduces their tax or allows them to receive a payment from the IRS if they do not owe tax. You may have to make advance payments of part of your household employee's EIC along with the employee's wages. You also may have to give your employee a notice about the EIC.

Advance EIC payments. You must make advance EIC payments if your employee gives you a properly completed Form W-5, *Earned Income Credit Advance Payment Certificate*. Use the advance EIC payment tables in Publication 15, *Circular E, Employer's Tax Guide*, to find out how much to pay your employee.

Reduce the amount of social security and Medicare taxes and withheld federal income tax you need to pay to the IRS by the amount of any advance EIC payments you make. See Publication 15 for more information about making advance EIC payments.

Notice about the EIC. Copy B of the 2000 Form W-2, *Wage and Tax Statement*, which is the copy filed with the employee's federal tax return, has a statement about the EIC on the back. If you give your employee that copy by January 31, 2001 (as discussed under *Form W-2* on page 8), you do not have to give the employee any other notice about the EIC.

Otherwise, you must give your household employee a notice about the EIC only if you agree to withhold federal income tax from the employee's wages (as discussed under *Do You Need To Withhold Federal Income Tax?* on page 5), but the income tax withholding tables show that no tax should be withheld. Even if not required, you are encouraged to give the employee a notice about the EIC if his or her 2000 wages are less than \$31,152.

If you do not give your employee Copy B of the Form W-2, your notice about the EIC can instead be any of the following items.

- 1) A substitute Form W-2 with the same EIC information on the back of the employee's copy that is on Copy B of the Form W-2.
- 2) Notice 797, *Possible Federal Tax Refund Due to the Earned Income Credit (EIC)*.
- 3) Your own written statement with the same wording as in Notice 797.

If a substitute Form W-2 is given on time but does not have the required EIC information, you must notify the employee within one week of the date the substitute Form W-2 is given. If Form W-2 is required but is not given on time, you must give the employee Notice 797 or your written statement about the 2000 EIC by January 31, 2001. If Form W-2 is not required, you must notify the employee by February 7, 2001.

How Do You Make Tax Payments?

When you file your 2000 federal income tax return in 2001, attach Schedule H, *Household Employment Taxes*, to your Form 1040. Use Schedule H to figure your total household employment taxes (social security, Medicare, FUTA, and withheld federal income taxes). Add these household employment taxes to your income tax. Pay the amount due by April 16, 2001. (For more information about using Schedule H, see *Schedule H* on page 8.)

You may choose to pay your taxes by credit card (American Express, Card, MasterCard, or Discover, Card). For information about this option, see the instructions for Form 1040, line 68.

You can avoid owing tax with your return if you pay enough tax during the year to cover your household employment taxes, as well as your income tax. If you are employed, you can ask your employer to withhold more federal income tax from your wages in 2000. If you get a pension or annuity, you can ask the payer to withhold more federal income tax from your benefits. Or, you can make estimated tax payments for 2000 to the IRS, or increase your payments if you already make them.



You may have to pay an estimated tax penalty if you do not pay household employment taxes during the year and either of the following situations applies for the year.

- 1) You will have federal income tax withheld from your pay, pension, annuity, etc.
- 2) You would be required to make estimated tax payments (to avoid the penalty) even if you did not owe household employment taxes.

Asking for more federal income tax withholding. If you are employed and want more federal income tax withheld from your wages to cover your household employment taxes, give your employer a new Form W-4, *Employee's Withholding Allowance Certificate*. Complete it as before, but show the additional amount you want withheld from each paycheck on line 6.

If you receive a pension or annuity and want more federal income tax withheld to cover household employment taxes, give the payer a new Form W-4P, *Withholding Certificate for Pension or Annuity Payments* (or a similar form provided by the payer). Complete it as before, but show the additional amount you want withheld from each benefit payment on line 3.

Get Publication 919, *How Do I Adjust My Tax Withholding?* to make sure you will have the right amount withheld. It will help you compare your total withholding for 2000 with the combined income tax and employment taxes that you can expect to figure on your 2000 return.

Paying estimated tax. If you want to make estimated tax payments to cover household employment taxes, get Form 1040-ES, *Estimated Tax for Individuals*. Use its payment vouchers to make your payments. You can pay all of the employment taxes at once, or you can pay them in installments. If you have already made estimated tax payments for 2000, you can increase your remaining payments to cover the employment taxes. Estimated tax payments for 2000 are ordinarily due April 17, June 15, and September 15, 2000, and January 15, 2001.

Beginning March 1, 2000, you can generally pay part or all of your estimated tax by using a credit card (American Express, Card, MasterCard, or Discover, Card). For information about this method of payment, see the instructions for Form 1040-ES.

Payment option for business employers. If you own a business as a sole proprietor or your home is on a farm operated for profit, you can choose either of two ways to pay your 2000 household employment taxes. You can pay them with your federal income tax as described above, or you can include them with your federal employment tax deposits or other payments for your business or farm employees. For information on depositing employment taxes, see Publication 15.

If you pay your household employment taxes with your business or farm employment taxes, you must report your household employment taxes with those other employment taxes on Form 941 or Form 943 and on Form 940 (or 940-EZ). See *Business employment tax returns* on page 8.



The deduction that can be taken on Schedules C and F (Form 1040) for wages and employment taxes applies only to wages and taxes paid for business and farm employees. You cannot deduct the wages and employment taxes paid for your household employees on your Schedule C or F.

More information. For information about paying taxes through federal income tax withholding and estimated tax payments and figuring the estimated tax penalty, get Publication 505, *Tax Withholding and Estimated Tax*.

What Forms Must You File?

You must file certain forms to report your household employee's wages and the federal employment taxes for the employee if you pay any of the following wages to the employee.

- 1) Social security and Medicare wages.
- 2) FUTA wages.
- 3) Wages from which you withhold federal income tax.

The employment tax forms and instructions you need will be sent to you automatically in January 2001 if you reported employment taxes for 1999 on Schedule H (Form 1040), *Household Employment Taxes*. Otherwise, for information on ordering these forms, see *How To Get More Information* on page 9.

Employer identification number (EIN). You must include your employer identification number (EIN) on the forms you file for your household employee. An EIN is a 9-digit number issued by the IRS. It is not the same as a social security number.



You ordinarily will have an EIN if you previously paid taxes for employees, either as a household employer or as a sole proprietor of a business you own. If you already have an EIN, use that number.

If you do not have an EIN, get Form SS-4, *Application for Employer Identification Number*. The instructions for Form SS-4 explain how you can get an EIN immediately by telephone or in about 4 weeks if you apply by mail.

Form W-2. File a separate 2000 Form W-2, *Wage and Tax Statement*, for each household employee to whom you pay either of the following wages during the year.

- 1) Social security and Medicare wages of \$1,200 or more.
- 2) Wages from which you withhold federal income tax.

You must complete Form W-2 and give Copies B, C, and 2 to your employee by January 31, 2001. You must send Copy A of Form W-2 with Form W-3, *Transmittal of Wage and Tax Statements*, to the Social Security Administration by February 28, 2001 (April 2, 2001, if you file your Form W-2 electronically).

Employee who leaves during the year. If an employee stops working for you before the end of 2000, you may file Form W-2 and provide copies to your employee immediately after you make your final payment of wages. You do not need to wait until 2001. If the employee asks you for Form W-2, give it to him or her within 30 days after the request or the last wage payment, whichever is later.

Schedule H. Use Schedule H (Form 1040), *Household Employment Taxes*, to report household employment taxes if you pay any of the following wages to the employee.

- 1) Social security and Medicare wages of \$1,200 or more.
- 2) FUTA wages.
- 3) Wages from which you withhold federal income tax.

File Schedule H with your 2000 federal income tax return by April 16, 2001. If you get an extension to file your return, the extension will also apply to your Schedule H.

Filing options when no return is required. If you are not required to file a 2000 tax return, you have the following two options.

- 1) You can file Schedule H by itself. See the Schedule H instructions for details.
- 2) If, besides your household employee, you have other employees for whom you report employment taxes on Form 941 or Form 943 and on Form 940 (or 940-EZ), you can include your taxes for your household employee on those forms. See *Business employment tax returns*, next.

Employers having the options listed above include certain tax-exempt organizations that do not have to file a tax return, such as churches that pay a household worker to take care of a minister's home.

Business employment tax returns. Do not use Schedule H (Form 1040) if you choose to pay the employment taxes for your household employee with business or farm employment taxes. (For information on choosing to pay the taxes that way, see *Payment option for business employers*, on page 7.) Instead, include the social security, Medicare, and withheld federal

income taxes for the employee on the Form 941, *Employer's Quarterly Federal Tax Return*, that you file for your business or on the Form 943, *Employer's Annual Tax Return for Agricultural Employees*, that you file for your farm. Include the FUTA tax for the employee on your Form 940 (or 940-EZ), *Employer's Annual Federal Unemployment (FUTA) Tax Return*.

If you report the employment taxes for your household employee on Form 941 or Form 943, file Form W-2 for that employee with the Forms W-2 and Form W-3 for your business or farm employees.

For information on filing Form 941, get Publication 15. For information on filing Form 943, get Publication 51, *Circular A, Agricultural Employer's Tax Guide*. Both of these publications also provide information about filing Form 940 (or 940-EZ).

What Records Must You Keep?



Keep your copies of Schedule H or other employment tax forms you file and related Forms W-2, W-3, W-4, and W-5. You must also keep records to support the information you enter on the forms you file. If you must file Form W-2, you will need to keep a record of your employee's name, address, and social security number.

Wage and tax records. On each payday you should record the date and amounts of all of the following items.

- 1) Your employee's cash and noncash wages.
- 2) Any employee social security tax you withhold or agree to pay for your employee.
- 3) Any employee Medicare tax you withhold or agree to pay for your employee.
- 4) Any federal income tax you withhold.
- 5) Any advance EIC payments you make.
- 6) Any state employment taxes you withhold.

Employee's social security number. You must keep a record of your employee's name and social security number exactly as they appear on his or her social security card if you pay the employee either of the following wages.

- 1) Social security and Medicare wages of \$1,200 or more.
- 2) Wages from which you withhold federal income tax.

You must ask for your employee's social security number no later than the first day on which you pay the wages. You may wish to ask for it when you hire your employee.



An employee who does not have a social security number must apply for one on Form SS-5, *Application for a Social Security Card*. An employee who has lost his or her social security

card or whose name is not correctly shown on the card should apply for a new card. Employees may get Form SS-5 from any Social Security Administration office or by calling 1-800-772-1213.

How long to keep records. Keep your employment tax records for at least 4 years after the due date of the return on which you report the taxes or the date the taxes were paid, whichever is later.

How To Get More Information

You can order free publications and forms, ask tax questions, and get more information from the IRS in several ways. By selecting the method that is best for you, you will have quick and easy access to tax help.

Free tax services. To find out what services are available, get Publication 910, *Guide to Free Tax Services*. It contains a list of free tax publications and an index of tax topics. It also describes other free tax information services, including tax education and assistance programs and a list of TeleTax topics.

 **Personal computer.** With your personal computer and modem, you can access the IRS on the Internet at www.irs.gov. While visiting our web site, you can select:

- *Frequently Asked Tax Questions* (located under *Taxpayer Help & Ed*) to find answers to questions you may have.
- *Forms & Pubs* to download forms and publications or search for forms and publications by topic or keyword.
- *Fill-in Forms* (located under *Forms & Pubs*) to enter information while the form is displayed and then print the completed form.
- *Tax Info For You* to view Internal Revenue Bulletins published in the last few years.
- *Tax Regs in English* to search regulations and the Internal Revenue Code (under *United States Code (USC)*).
- *Digital Dispatch* and *IRS Local News Net* (both located under *Tax Info For Business*) to receive our electronic newsletters on hot tax issues and news.
- *Small Business Corner* (located under *Tax Info For Business*) to get information on starting and operating a small business.

You can also reach us with your computer using File Transfer Protocol at [ftp.irs.gov](ftp://ftp.irs.gov).

 **TaxFax Service.** Using the phone attached to your fax machine, you can receive forms and instructions by calling 703-368-9694. Follow the directions from the prompts. When you order forms, enter the catalog number for the form you need. The items you request will be faxed to you.



Phone. Many services are available by phone.

- *Ordering forms, instructions, and publications.* Call 1-800-829-3676 to order current and prior year forms, instructions, and publications.
- *Asking tax questions.* Call the IRS with your tax questions at 1-800-829-1040.
- *TTY/TDD equipment.* If you have access to TTY/TDD equipment, call 1-800-829-4059 to ask tax questions or to order forms and publications.
- *TeleTax topics.* Call 1-800-829-4477 to listen to pre-recorded messages covering various tax topics.

Evaluating the quality of our telephone services. To ensure that IRS representatives give accurate, courteous, and professional answers, we evaluate the quality of our telephone services in several ways.

- A second IRS representative sometimes monitors live telephone calls. That person only evaluates the IRS assistor and does not keep a record of any taxpayer's name or tax identification number.
- We sometimes record telephone calls to evaluate IRS assistors objectively. We hold these recordings no longer than one week and use them only to measure the quality of assistance.
- We value our customers' opinions. Throughout this year, we will be surveying our customers for their opinions on our service.



Walk-in. You can walk in to many post offices, libraries, and IRS offices to pick up certain forms, instructions, and publications. Also, some libraries and IRS offices have:

- An extensive collection of products available to print from a CD-ROM or photocopy from reproducible proofs.
- The Internal Revenue Code, regulations, Internal Revenue Bulletins, and Cumulative Bulletins available for research purposes.



Mail. You can send your order for forms, instructions, and publications to the Distribution Center nearest to you and receive a response within 10 workdays after your request is received. Find the address that applies to your part of the country.

- **Western part of U.S.:**
Western Area Distribution Center
Rancho Cordova, CA 95743-0001

- **Central part of U.S.:**

Central Area Distribution Center
P.O. Box 8903
Bloomington, IL 61702–8903

- **Eastern part of U.S. and foreign addresses:**

Eastern Area Distribution Center
P.O. Box 85074
Richmond, VA 23261–5074



CD-ROM. You can order IRS Publication 1796, *Federal Tax Products on CD-ROM*, and obtain:

- Current tax forms, instructions, and publications.

- Prior-year tax forms, instructions, and publications.
- Popular tax forms which may be filled in electronically, printed out for submission, and saved for recordkeeping.
- Internal Revenue Bulletins.

The CD-ROM can be purchased from National Technical Information Service (NTIS) by calling **1–877–233–6767** or on the Internet at **www.irs.gov/cdorders**. The first release is available in mid-December and the final release is available in late January.

IRS Publication 3207, *Small Business Resource Guide*, is an interactive CD-ROM that contains information important to small businesses. It is available in mid-February. You can get one free copy by calling **1–800–829–3676**.

Appendix: State Unemployment Tax Agencies



The following list of state unemployment tax agencies was provided to the IRS by the U.S. Department of Labor. If the telephone number listed for your state would be a long distance call from your area, you can use the name of the agency to look for a local number in your telephone book. The addresses and telephone numbers of the agencies, which were current at the time this publication was prepared for print, are subject to change.



For the most up-to-date addresses and telephone numbers for these agencies, you can download this publication from the IRS web site. You can access the IRS web site at www.irs.gov.

Alabama

Department of Industrial Relations
649 Monroe Street
Montgomery, AL 36131
(334) 242-8467
www.dir.state.al.us

Alaska

Department of Labor
PO Box 25509
Juneau, AK 99802-5509
(800) 448-3527
www.labor.state.ak.us

Arizona

Department of Economic Security
3225 N. Central Avenue
Suite 1400
Phoenix, AZ 85012
(602) 248-9396
www.de.state.az.us

Arkansas

Employment Security Department
PO Box 2981
Little Rock, AR 72203
(501) 682-3253
www.state.ar.us/esd

California

Employment Development Department
3321 Power Inn Road, Suite 220
Sacramento, CA 95826-6110
(916) 464-3502
www.edd.cahwnet.gov

Colorado

Department of Labor and Employment
1515 Arapahoe Street
Tower 2, Suite 400
Denver, CO 80202-2117
(303) 603-8231
<http://unemploytax.cdle.state.co.us>

Connecticut

Department of Labor
200 Folly Brook Blvd.
Wethersfield, CT 06109-1114
(860) 263-6550
www.ctdol.state.ct.us

Delaware

Department of Labor
4425 North Market Street
Wilmington, DE 19802
(302) 761-8446
www.delawareworks.com

District of Columbia

Department of Employment Services
500 C Street, NW, Room 501
Washington, DC 20001
(202) 724-7461
<http://does.ci.washington.dc.us>

Florida

Department of Labor and Employment Security
107 East Madison Street
Tallahassee, FL 32399-0211
(850) 921-5000
www.fdles.state.fl.us

Georgia

Department of Labor
148 International Blvd.
Suite 800
Atlanta, GA 30303
(404) 656-5590
www.dol.state.ga.us

Hawaii

Department of Labor and Industrial Relations
830 Punchbowl Street
Room 437
Honolulu, HI 96813
(808) 586-8913
www.state.hi.us/dlir

Idaho

Department of Labor
317 Main Street
Boise, ID 83735-0760
(208) 334-6385
www.doe.state.id.us

Illinois

Department of Employment Security
401 South State Street
Chicago, IL 60605
(312) 793-1918
www.ides.state.il.us

Indiana

Department of Workforce Development
10 North Senate Avenue
Indianapolis, IN 46204
(317) 232-7436
www.dwd.state.in.us

Iowa

Workforce Development
1000 East Grand Avenue
Des Moines, IA 50319
(515) 281-8200
www.state.ia.us/government/des

Kansas

Department of Human Resources
401 S.W. Topeka Blvd.
Topeka, KS 66603
(785) 296-5025
www.hr.state.ks.us

Kentucky

Division of Unemployment Insurance
PO Box 948
Frankfort, KY 40602
(502) 564-6838
www.des.state.ky.us

Louisiana

Department of Labor
PO Box 98146
Baton Rouge, LA 70804
(225) 342-2992
www.ldol.state.la.us

Maine

Department of Labor
PO Box 259
Augusta, ME 04332-0259
(207) 287-3176
<http://janus.state.me.us/labor>

Maryland

Office of Unemployment
Insurance
1100 North Eutaw Street,
Room 411
Baltimore, MD 21201
(410) 767-2414
www.dlir.state.md.us/employment

Massachusetts

Division of Employment and
Training
19 Staniford Street
Boston, MA 02114
(617) 626-5050
www.detma.org

Michigan

Employment Security Division
7310 Woodward Avenue
Detroit, MI 48202
(313) 876-5131
www.cis.state.mi.us/ua

Minnesota

Department of Economic
Security
390 North Robert Street
St. Paul, MN 55101
(651) 296-3736
www.des.state.mn.us

Mississippi

Employment Security
Commission
PO Box 22781
Jackson, MS 39225-2781
(601) 961-7755
www.mesc.state.ms.us/tax

Missouri

Division of Employment Security
PO Box 59
Jefferson City, MO 65104
(573) 751-3328
www.dolir.state.mo.us/es

Montana

Department of Labor and
Industry
PO Box 1728
Helena, MT 59624
(406) 444-2747
<http://dli.state.mt.us>

Nebraska

Department of Labor
Box 94600
State House Station
Lincoln, NE 68509
(402) 471-9839
www.dol.state.ne.us/uihome.htm

Nevada

Department of Employment
Training and Rehabilitation
500 East Third Street
Carson City, NV 89713
(775) 687-4599
www.state.nv.us/detr

New Hampshire

Department of Employment
Security
32 South Main Street
Concord, NH 03301
(603) 228-4045
www.nhworks.state.nh.us

New Jersey

Department of Labor
PO Box 947
Trenton, NJ 08625-0947
(609) 292-2811
www.state.nj.us/labor

New Mexico

Department of Labor
PO Box 2281
Albuquerque, NM 87103
(505) 841-8568
www3.state.nm.us/dol

New York

Department of Labor
State Campus, Building 12,
Room 542
Albany, NY 12240
(518) 457-4120
www.labor.state.ny.us

North Carolina

Employment Security
Commission
PO Box 26504
Raleigh, NC 27611
(919) 733-7395
www.esc.state.nc.us

North Dakota

Job Service of North Dakota
PO Box 5507
Bismarck, ND 58506-5507
(701) 328-2791
www.state.nd.us/jsnd

Ohio

Bureau of Employment
Services
PO Box 923
Columbus, OH 43216
(614) 466-2319
www.state.oh.us/obes

Oklahoma

Employment Security
Commission
Will Rogers Memorial
Office Building
2401 North Lincoln
Oklahoma City, OK 73105
(405) 557-7226
www.desc.state.ok.us

Oregon

Employment Department
875 Union Street NE
Salem, OR 97311
(503) 947-1696
www.emp.state.or.us

Pennsylvania

Department of Labor and
Industry
7th and Forster Street
Harrisburg, PA 17121
(717) 787-7679
www.dli.state.pa.us

Puerto Rico

Bureau of Employment Security
PO Box 1020
San Juan, PR 00919
(787) 754-5262
www.interempleo.org

Rhode Island

Division of Taxation
One Capitol Hill
Providence, RI 02908-5829
(401) 222-3696
www.det.state.ri.us

South Carolina

Employment Security
Commission
PO Box 995
Columbia, SC 29202
(803) 737-3070
www.sces.org/ui

South Dakota

Department of Employment
Security
PO Box 4730
Aberdeen, SD 57402
(605) 626-2312
www.state.sd.us/dol

Tennessee

Department of Employment
Security
500 James Robertson Parkway
8th Floor, Davy Crocket Tower
Nashville, TN 37245-3500
(615) 741-2486
www.state.tn.us/labor-wfd

Texas

Workforce Commission
101 East 15th Street
Austin, TX 78778
(512) 463-2699
www.twc.state.tx.us

Utah

Department of Employment
Security
PO Box 45288
Salt Lake City, UT 84145
(801) 526-9400
www.dws.state.ut.us

Vermont

Department of Employment
Security
PO Box 488
Montpelier, VT 05602
1-877-214-3331
www.det.state.vt.us

Virginia

Employment Commission
PO Box 1358
Richmond, VA 23211
(804) 371-6325
www.vec.state.va.us

Virgin Islands

Employment Security Agency
PO Box 789
St. Croix, U.S. Virgin Islands
00821
(340) 776-3700
www.gov.vi/vild

Washington

Employment Security
Department
PO Box 9046
Olympia, WA 98507-9046
(360) 902-9554
www.wa.gov/esd

West Virginia

Bureau of Employment
Programs
112 California Avenue
Charleston, WV 25305-0112
(304) 558-2675
www.state.wv.us/bep

Wisconsin

Department of Workforce
Development
PO Box 7942, GEF 1
Madison, WI 53702
(608) 266-3177
www.dwd.state.wi.us

Wyoming

Department of Employment
PO Box 2760
Casper, WY 82602
(307) 235-3201
www.wydoe.state.wy.us/erd

Table 3. Employee Social Security (6.2%) and Medicare (1.45%) Tax Withholding Table

(See Circular E for income tax withholding tables.)

Use this table to figure the amount of social security and Medicare taxes to withhold from each wage payment. For example, on a wage payment of \$180, the employee social security tax is \$11.16 (\$6.20 tax on \$100 plus \$4.96 on \$80 wages). The employee Medicare tax is \$2.61 (\$1.45 tax on \$100 plus \$1.16 on \$80 wages).

If wage payment is:	The social security tax to be withheld is:	The Medicare tax to be withheld is:	If wage payment is:	The social security tax to be withheld is:	The Medicare tax to be withheld is:
\$ 1.00	\$.06	\$.01	\$ 51.00	\$3.16	\$.74
2.00 . . . . .	.12	.03	52.00	3.22	.75
3.00 . . . . .	.19	.04	53.00	3.29	.77
4.00 . . . . .	.25	.06	54.00	3.35	.78
5.00 . . . . .	.31	.07	55.00	3.41	.80
6.00 . . . . .	.37	.09	56.00	3.47	.81
7.00 . . . . .	.43	.10	57.00	3.53	.83
8.00 . . . . .	.50	.12	58.00	3.60	.84
9.00 . . . . .	.56	.13	59.00	3.66	.86
10.00 . . . . .	.62	.15	60.00	3.72	.87
11.00 . . . . .	.68	.16	61.00	3.78	.88
12.00 . . . . .	.74	.17	62.00	3.84	.90
13.00 . . . . .	.81	.19	63.00	3.91	.91
14.00 . . . . .	.87	.20	64.00	3.97	.93
15.00 . . . . .	.93	.22	65.00	4.03	.94
16.00 . . . . .	.99	.23	66.00	4.09	.96
17.00	1.05	.25	67.00	4.15	.97
18.00	1.12	.26	68.00	4.22	.99
19.00	1.18	.28	69.00	4.28	1.00
20.00	1.24	.29	70.00	4.34	1.02
21.00	1.30	.30	71.00	4.40	1.03
22.00	1.36	.32	72.00	4.46	1.04
23.00	1.43	.33	73.00	4.53	1.06
24.00	1.49	.35	74.00	4.59	1.07
25.00	1.55	.36	75.00	4.65	1.09
26.00	1.61	.38	76.00	4.71	1.10
27.00	1.67	.39	77.00	4.77	1.12
28.00	1.74	.41	78.00	4.84	1.13
29.00	1.80	.42	79.00	4.90	1.15
30.00	1.86	.44	80.00	4.96	1.16
31.00	1.92	.45	81.00	5.02	1.17
32.00	1.98	.46	82.00	5.08	1.19
33.00	2.05	.48	83.00	5.15	1.20
34.00	2.11	.49	84.00	5.21	1.22
35.00	2.17	.51	85.00	5.27	1.23
36.00	2.23	.52	86.00	5.33	1.25
37.00	2.29	.54	87.00	5.39	1.26
38.00	2.36	.55	88.00	5.46	1.28
39.00	2.42	.57	89.00	5.52	1.29
40.00	2.48	.58	90.00	5.58	1.31
41.00	2.54	.59	91.00	5.64	1.32
42.00	2.60	.61	92.00	5.70	1.33
43.00	2.67	.62	93.00	5.77	1.35
44.00	2.73	.64	94.00	5.83	1.36
45.00	2.79	.65	95.00	5.89	1.38
46.00	2.85	.67	96.00	5.95	1.39
47.00	2.91	.68	97.00	6.01	1.41
48.00	2.98	.70	98.00	6.08	1.42
49.00	3.04	.71	99.00	6.14	1.44
50.00	3.10	.73	100.00	6.20	1.45