

Ask the Tax Expert

Frequently Asked Questions About Household Employment Taxes

By Stephanie Breedlove, founder of Austin-based Breedlove & Associates, the nation's leader in tax & payroll services for household employers



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Q: I'm a caregiver for several different families on a part-time basis. Do I need to provide the families or the agency with my social security number?

A: As an employee of the families you work for, you are required by law to provide each family with a social security number. You can either provide it to the families directly or provide it to MBF and let them disseminate it to the appropriate families upon their request.

Most of the time, families don't think about – or ask for – your social security number until tax time. At that point, they are trying to itemize their tax-deductible childcare expenses and they want to include the wages paid to you as part of those expenses. As a convenience to everyone involved, great agencies like MBF take the time to collect your social security number at the beginning of the relationship – then when tax time comes around, they can handle all the phone calls and emails on your behalf. Most caregivers find this much easier than dealing with last-minute requests from numerous current and former employers.

It's important to note that if a family pays you less than \$1,500 per calendar year (January – December), that family is not required to pay social security and medicare taxes on your behalf or provide you with a Form W-2 at the end of the year. It also means that no income taxes are being withheld from your paycheck and sent to the government on your behalf. So, at year end, you will be responsible for totaling up your wages and reporting them to the IRS on Form 1040 or 1040-EZ. Additionally, you should be setting aside 10% - 12% of your wages into a savings account and earmarking it for taxes. Otherwise, you might find yourself unable to pay your tax liability at the end of the year.



If you are employed by a family who works with Breedlove & Associates for payroll and tax services, the family is paying social security & medicare taxes on your behalf and, unless you requested otherwise, they are also withholding income taxes on your behalf. In January of each year, we will prepare a Form W-2 for you detailing the prior year's wages and tax withholdings (you'll get it from your employer by end of January). The W-2 will make your year-end tax filing process much, much easier.

Founded in 1992 — by household employers for household employers — Breedlove & Associates has served over 10,000 families and processed more than \$1 billion in household payroll. By focusing on the unique needs of household employers, Breedlove & Associates' expertise and efficiency has been recognized in The Wall Street Journal, Kiplinger's, Business Week and SmartMoney.com. For more information or a free phone consultation compliments of MBF, call 1-888-273-3356 or visit www.breedlove-online.com.