



California Fact Sheet: Household Tax Compliance Tips

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 \$2200 or more. 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.

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 California 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

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

CALIFORNIA LABOR LAWS

- **HOURLY PAY:** Household employees in California are covered by both the FLSA and [California IWC Wage Order 15](#) and are non-exempt, hourly employees, paid at no less than the minimum wage.
- **OVERTIME:** There is NO deduction for sleep time on 24 hour shifts.

IF YOU ARE...

THEN YOU ARE ENTITLED TO...

A personal attendant employed in a private household*

Overtime (1.5x regular rate of pay)

Double time (2x regular rate of pay)

Live-out

>9 hours/day or >40 hours/week

n/a

Live-in

>9 hours/day or >45 hours/week

n/a

Other type of domestic worker

Live-out

> 8 hours/day or >40 hours/week

> 12 hours/day or
> 8 hours on the 7th consecutive workday

Live-in

> 9 hours/day or up to 9 hours worked on the
6th of 7th day of the work week

> 9 hours on the 6th or 7th day of the work week

*- Personal Attendants spend 80%+ of time feeding, bathing, dressing, and directly supervising any person under care ([California IWC Wage Order 15](#)).

- **PAY RATE NOTICE:** You are required to provide your California household employee a pay stub every pay period that includes hours worked, hourly pay rate, and itemization of all payroll tax deductions.
- **PAYROLL FREQUENCY:** California allows you to pay your household worker daily, weekly, bi-weekly or semi-monthly, and does not permit monthly pay cycles. Pay upon involuntary separation is due immediately, and within 72 hours for resignation.
- **WORKERS' COMPENSATION INSURANCE:** California requires household employers to carry Workers' Compensation Insurance. This is typically an endorsement in a California homeowner's insurance policy.
- **PAID TIME OFF:** California requires that all employers provide up to 3 days of paid sick leave per year. Meal and rest breaks are mandatory, but may be taken "on duty" and paid. Please note that California household employers who DO offer paid time off must allow unused accrued hours to carryover from one year to the next.
- **TAX PAYMENTS:** CA requires near-immediate payment of income tax withholding upon meeting certain thresholds set by statute. Currently, an employer has 15 days to make a payment after accumulated taxes meet the state threshold. As such, HWS can only guarantee compliance through our Complete Payroll service level.

HEALTH INSURANCE

You are not required to provide employee health insurance, however there are financial and retention advantages to contributing 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.

HomeWorkSolutions.com | (877) 899-3004 |

