



Household Workers

Do you plan to pay a cleaning person, cook, gardener, babysitter, or other household worker at least \$2,300 in 2021? This includes any cash you pay for your household employee's transportation, meals, and housing. If you will pay at least \$2,300 to one person, you have some additional financial responsibilities.

Meeting those responsibilities will ensure your household worker gets credit toward Social Security benefits and Medicare coverage. When you pay at least \$2,300 in wages to a household worker, you must do all of the following:

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

For every \$2,300 in wages, most household employees earn credits toward Social Security benefits and Medicare coverage. To learn more about credits, see "**How your household workers earn credits for Social Security**" below. Generally, people need 10 years of work 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.
- 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 \$142,800 (in 2021) 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 the 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. Read *Household Employer's Tax Guide* (IRS Publication No. 926) at www.irs.gov/publications 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, they 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 \$2,300 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 file wage reports online at no charge. 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.ssa.gov/bsowelcome.htm. For more information, including step-by-step instructions, go to www.ssa.gov/employer/bsobnew.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 \$1,470.00 of reported earnings (in 2021), 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 \$2,300 from each employer. For example, a household employee who worked for three employers and was paid \$900, \$1,100, and \$2,300 respectively (a total of \$4,300) would receive only one Social Security credit with \$2,300 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, they 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 do business with us from anywhere, on any device, is to visit www.ssa.gov. There are several things you can do online: apply for benefits; get useful information; find publications; and get answers to frequently asked questions.

When you open a personal *my* Social Security account, you have more capabilities. You can review your *Social Security Statement*, verify your earnings, and get estimates of future benefits. You can also print a benefit verification letter, change your direct deposit information, request a replacement Medicare card, get a replacement SSA-1099/1042S, and request a replacement Social Security card (if you have no changes and your state participates).

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.

A member of our staff can answer your call from 7 a.m. to 7 p.m., Monday through Friday. We ask for your patience during busy periods since you may experience a high 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
January 2021 (Recycle prior editions)
Household Workers
Produced and published at U.S. taxpayer expense