

The “nanny tax” must be paid for nannies *and* other [household workers](#).

If you employ a household worker who isn’t an independent contractor, you may be required to withhold from the worker’s wages. Plus, you may need to pay Social Security and Medicare taxes and possibly other taxes. However, you aren’t required to withhold federal income tax.

Here’s a brief rundown of your obligations.

- In 2024, when an employee’s cash wages reach at least **\$2,700**, you must withhold and pay Social Security and Medicare taxes. This applies to ***all*** cash wages.
- The employee’s share, withheld from pay, is half the Social Security tax (6.2%) and half the Medicare tax (1.45%). You, the employer, pay the other half.
- You also must pay federal unemployment tax on wages of \$1,000 or more. This tax is assessed only on the first \$7,000 of wages paid.

How to pay the taxes.

To pay household worker obligations, increase ***your*** quarterly estimated tax payments or increase withholding from your wages.

Your tax professional will report the Social Security and Medicare taxes you paid on [Schedule H](#) of your individual [Form 1040](#) tax return. For Schedule H, you’ll need to include your Employer Identification Number (EIN), which you can obtain by filing [Form SS-4](#).

However, if you own a business as a sole proprietor, you may include the tax for a household worker on your business employment reports, using your business EIN.

Keep In Mind

Having a household worker requires careful recordkeeping. Keep track of every paycheck and report, and include them in your tax records when we prepare your tax return. [Contact us](#) with questions.