

1. Put the compensation details in writing.

Your nanny is your employee and it is important to document the financial agreement to protect BOTH of you. You should document a base weekly pay based on specified days/hours of employment and put the wage in HOURLY wage terms for FLSA compliance. ▶ [Historical Wage Test Values](#)

2. State payroll frequency.

Will the nanny be paid weekly, bi-weekly, or semi-monthly? What day is pay day? Be careful - as non-exempt employees, many states have established stringent ▶ [minimum payroll frequency regulations](#).

3. Detail payroll deductions (if any).

You are entitled to deduct the employee portions of Social Security and Medicare taxes from the nanny's payroll. You ARE obligated to make remittance (pay) BOTH the employee and the employer contributions to Social Security and Medicare whether you deduct it or not. Deducting your employee's income taxes is optional. Most employers of full time household staff offer to do this for the employee. See our ▶ [Paycheck Calculator](#) to compute the income taxes and understand your total out-of-pocket expenses.

▶ [4nannytaxes.com's free tax calculators](#) are available 24/7 free of charge, or simply phone 800-NaniTax and ask for assistance.

4. Require that the nanny keep a time card.

The FLSA requires employers to maintain accurate and complete contemporaneous time tracking records for all hours worked by an employee. This does not have to be complicated. Many families require that the nanny keep a daily Nanny Log and simply use this to track time and expenses too. This is very important documentation as it provides the basis for compensation calculations and protects YOU, the employer, in a dispute.

5. Obtain completed Forms W-4 and I-9 from your employee.

These forms are legally required and should be kept with your permanent employment records. The W-4 will provide you the nanny's particulars for tax filing, including legal name, address and Social Security Number. The I-9 documents that the employee is legally authorized to work in the United States and is required of ALL newly hired employees.

6. Immediately obtain a Federal Employer Identification Number.

Your FEIN is issued by the Internal Revenue Service. This number is required for all Federal tax reporting, and most state tax agencies require this number as part of your state registration process.

Establishing your nanny's payroll arrangement is an orderly process. When you establish the proper foundation the compensation arrangement will be simple and stress free.

Take the time up front to work out your nanny's compensation details. Use a nanny tax calculator to make sure you understand the total payroll budget with taxes included. It's easy – headache averted and no unpleasant surprises!

Kathleen Webb
[President](#)
[HomeWork Solutions Inc.](#)

7. Establish state tax accounts as required.

Research and apply for a state unemployment tax account, and state withholding tax account if you are deducting the nanny's state income taxes. Timely registration and filing with your state will avoid late filing penalties and will qualify you for the most favorable unemployment tax rate.

8. Comply with Federally-mandated state new hire reporting.

Federal legislation mandates that all states implement and manage New Hire Registration Programs to track individual employment data for purposes of expedited child support enforcement and fraud control of various welfare programs. ▶ [New Hire Reporting](#) is discussed in more detail here.

9. Research Workers Compensation Insurance requirements.

Worker's Compensation Insurance help is found here. Penalties for not securing a policy promptly, if required, will cost you hundreds, if not thousands, of dollars.

10. Familiarize yourself with tax reporting schedules and requirements.

While some tax reporting is done on an annualized basis, most state reporting is done quarterly. Occasionally, some employers are required to make some state reports and payments on a monthly basis. Services such as [HomeWork Solutions' NaniTax and NaniPay](#) are popular because they allow you to outsource much of the tax related paperwork. This allows you to focus on your family, your nanny relationship, and your career with the confidence that trained professionals are supporting your payroll tax obligations.

Don't hesitate to ask for help! Our trained staff is available weekdays to assist you with a variety of issues, including:

- ❖ Calculate alternate payroll scenarios.
- ❖ Budgeting your total out of pocket expense.
- ❖ Convert a weekly wage into hourly rate terms.
- ❖ General questions related to wages, benefits and labor law.

Simply phone 800.NaniTax (800.626.4829) and a representative will personally assist you!

What Clients are Saying...

“It is a real pleasure to work with an outfit that is so well organized, knowledgeable, efficient.....and above all, courteous.”

“Your staff are outstanding and your web services are so user friendly.”

“I can go about my business confident that my nanny's payroll is in good hands. My nanny agency is so grateful that you help our clients understand the taxes and their budget.”

“ My mother was admitted to a nursing home in November and her caregiver has been let go...Thank you again for all of your help over the past 2 years. I will not hesitate to recommend HomeWork Solutions ... as your performance and service have been excellent!”

Home Work Solutions provides tax compliance and tax preparation services designed exclusively for employers of household workers. We have helped thousands of employers across the country identify and manage their household payroll and tax liabilities since 1993. We offer a variety of service options – one is sure to match your needs.

Go ahead ... Simplify!



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