

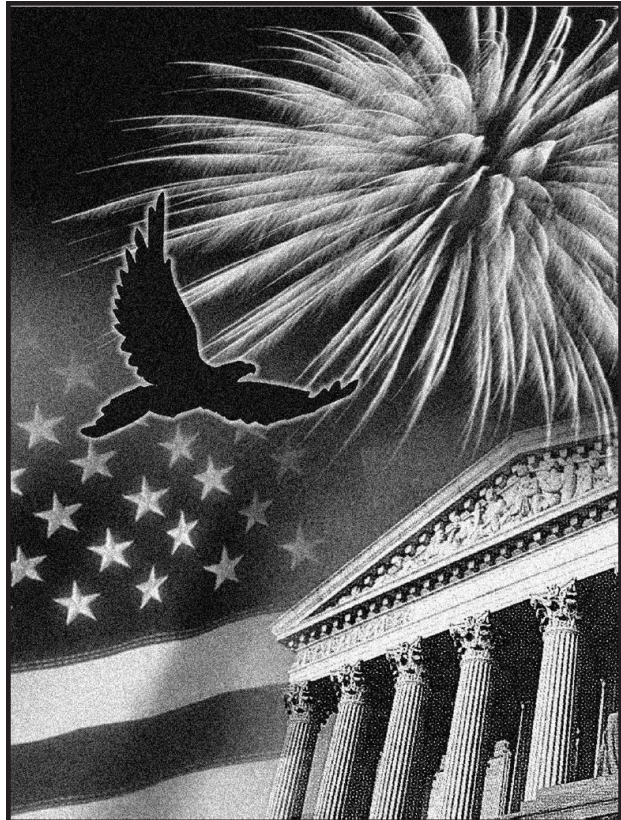
# Publication 926

## Household Employer's Tax Guide

For use in preparing

**2025** Returns

Volume 1 of 2



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## Future Developments

For the latest information about developments related to Pub. 926, such as legislation enacted after it was published, go to [IRS.gov/Pub926](https://www.irs.gov/pub926).

## What's New

**Social security and Medicare taxes for 2025.** The social security tax rate is 6.2% each for the employee and employer. The social security wage base limit is \$176,100.

The Medicare tax rate is 1.45% each for the employee and employer, unchanged from 2024. There is no wage base limit for Medicare tax.

Social security and Medicare taxes apply to the wages of household workers you pay \$2,800 or more in cash wages in 2025. For more information, see Cash wages, later.

**The COVID-19 related credit for qualified sick and family leave wages is limited to leave taken after March 31, 2020, and before October 1, 2021, and may no longer be claimed on Schedule H (Form 1040).**

The time periods for providing the leave for the credits for qualified sick and family leave wages, as enacted under the Families First Coronavirus Response Act (FFCRA) and amended and extended by the COVID-related Tax Relief Act of 2020, for leave taken after March 31, 2020, and before April 1, 2021, and the credit for qualified sick and family leave wages under sections 3131, 3132, and 3133 of the Internal Revenue Code, as enacted under the American Rescue Plan Act of 2021 (the ARP), for leave taken after March 31, 2021, and before October 1, 2021, have expired. Effective for tax periods beginning after December 31, 2023, the lines used to claim the credit for qualified sick and

family leave wages have been removed from Schedule H (Form 1040), Household Employment Taxes, because it would be extremely rare for an employer to pay wages in 2024 for qualified sick and family leave taken after March 31, 2020, and before October 1, 2021.

**Qualified parking exclusion and commuter transportation benefit.** For 2025, the monthly exclusion for qualified parking is \$325 and the monthly exclusion for commuter highway vehicle transportation and transit passes is \$325.

## **Reminders**

**2025 withholding tables.** The federal income tax withholding tables are included in Pub. 15-T, Federal Income Tax Withholding Methods, available at [IRS.gov/Pub15T](https://www.irs.gov/pub15t).

**2025 federal income tax withholding.** The household employer rules for federal income tax withholding have not changed. That is,

you're not required to withhold federal income tax from wages you pay a household employee. You should withhold federal income tax only if your household employee asks you to withhold it and you agree. Employers will figure withholding based on the information from the employee's most recently submitted Form W-4, Employee's Withholding Certificate. All newly hired employees must use the redesigned Form W-4. Similarly, any other employees who wish to adjust their withholding must use the redesigned form. For the latest information about developments related to Form W-4, go to [IRS.gov/FormW4](https://www.irs.gov/FormW4).

**Filing due date for 2025 Forms W-2 and W-3.** Both paper and electronically filed 2025 Forms W-2, Wage and Tax Statement, and W-3, Transmittal of Wage and Tax Statements, must be filed with the Social Security Administration (SSA) by February 2, 2026.



Unless otherwise noted, references throughout this publication to Form W-2 include Form 499R-2/W-2PR; references to Form W-2c, Corrected Wage and Tax Statement, include Form 499R-2c/W-2cPR; and references to Form W-3 include Form W-3 (PR).

**Disaster tax relief.** Disaster tax relief is available for those impacted by disasters. For more information about disaster relief, go to [IRS.gov/DisasterTaxRelief](https://www.irs.gov/DisasterTaxRelief).

**Bicycle commuting reimbursement.** The Tax Cuts and Jobs Act suspends the exclusion of qualified bicycle commuting reimbursements from your employee's income for any tax years beginning after 2017 and before 2026.

**Certification program for professional employer organizations (PEOs).** The Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014 required the IRS to establish a voluntary certification program for

PEOs. PEOs handle various payroll administration and tax reporting responsibilities for their business clients and are typically paid a fee based on payroll costs. To become and remain certified under the certification program, certified professional employer organizations (CPEOs) must meet various requirements described in sections 3511 and 7705 and related published guidance. Certification as a CPEO may affect the employment tax liabilities of both the CPEO and its customers. A CPEO is generally treated for employment tax purposes as the employer of any individual who performs services for a customer of the CPEO and is covered by a contract described in section 7705(e)(2) between the CPEO and the customer (CPEO contract), but only for wages and other compensation paid to the individual by the CPEO. To become a CPEO, the organization must apply through the IRS Online Registration System. For more information or to apply to become a CPEO, go

to [IRS.gov/CPEO](https://www.irs.gov/CPEO). Also, see Revenue Procedure 2023-18, 2023-13 I.R.B. 605, available at [IRS.gov/irb/ 2023-13 IRB#REV-PROC-2023-18](https://www.irs.gov/irb/2023-13_IRB#REV-PROC-2023-18).

**Outsourcing payroll duties.** Generally, as an employer, you're responsible to ensure that tax returns are filed and deposits and payments are made, even if you contract with a third party to perform these acts. You remain responsible if the third party fails to perform any required action. Before you choose to outsource any of your payroll and related tax duties (that is, withholding, reporting, and paying over social security, Medicare, federal unemployment, and income taxes) to a third-party payer, such as a payroll service provider or reporting agent, go to [IRS.gov/ OutsourcingPayrollDuties](https://www.irs.gov/OutsourcingPayrollDuties) for helpful information on this topic. If a CPEO pays wages and other compensation to an individual performing services for you, and the services are covered by a CPEO contract,

then the CPEO is generally treated as the employer, but only for wages and other compensation paid to the individual by the CPEO. However, with respect to certain employees covered by a CPEO contract, you may also be treated as an employer of the employees and, consequently, may also be liable for federal employment taxes imposed on wages and other compensation paid by the CPEO to such employees. For more information on the different types of third-party payer arrangements, see section 16 of Pub. 15.

**Credit reduction states.** A state that hasn't repaid money it borrowed from the federal government to pay unemployment benefits is a "credit reduction state." The Department of Labor determines these states. If an employer pays wages that are subject to the unemployment tax laws of a credit reduction state, that employer must pay additional deferral unemployment tax.

See the Instructions for Schedule H (Form 1040) for more information.

**Medicaid waiver payments.** Notice 2014-7 provides that certain Medicaid waiver payments are excludable from income for federal income tax purposes. See Notice 2014-7, 2014-4 I.R.B. 445, available at [IRS.gov/irb/ 2014-04 IRB#NOT-2014-7](http://IRS.gov/irb/2014-04_IRB#NOT-2014-7). For more information, including questions and answers related to Notice 2014-7, go to [IRS.gov/MedicaidWaiverPayments](http://IRS.gov/MedicaidWaiverPayments).

**Pub. 51 has been discontinued.** Pub. 51, Agricultural Employer's Tax Guide, has been discontinued. Pub. 15 can now be used by all employers, including agricultural employers and employers in the U.S. territories. If you prefer Pub. 15 in Spanish, Pub.15 (sp) is now available.

**Photographs of missing children.** The IRS is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](http://NationalCenterforMissing&ExploitedChildren.org). Photographs of missing children selected by

the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

## **Introduction**

The information in this publication applies to you only if you have a household employee. If you have a household employee in 2025, you may need to pay state and federal employment taxes for 2025. You must generally add your federal employment taxes to the income tax that you will report on your 2025 federal income tax return.

This publication will help you decide whether you have a household employee and, if you do, whether you need to pay federal employment taxes (social security tax, Medicare tax, federal unemployment tax under the Federal Unemployment Tax Act (FUTA), and federal income tax withholding).

It explains how to figure, pay, and report these taxes for your household employee. It also explains what records you need to keep.

This publication also tells you where to find out whether you need to pay state unemployment tax for your household employee.

**Comments and suggestions.** We welcome your comments about this publication and suggestions for future editions.

You can send us comments through [IRS.gov/FormComments](https://www.irs.gov/FormComments). Or, you can write to the Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224.

Although we can't respond individually to each comment received, we do appreciate your feedback and will consider your comments and suggestions as we revise our tax forms, instructions, and publications.

**Don't** send tax questions, tax returns, or payments to the above address.

***Getting answers to your tax questions.*** If you have a tax question not answered by this publication or the *How To Get Tax Help* section at the end of this publication, go to the IRS Interactive Tax Assistant page at [IRS.gov/ Help/ITA](https://www.irs.gov/help/ita) where you can find topics by using the search feature or viewing the categories listed.

***Getting tax forms, instructions, and publications.*** Go to [IRS.gov/Forms](https://www.irs.gov/forms) to download current and prior-year forms, instructions, and publications.

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## **Do You Have a Household Employee?**

You have a household employee if you hired someone to do household work and that worker is your employee. The worker is your employee if you can control not only what work is done, but how it is done. If the worker is your employee, it doesn't matter whether the work is full time or part time or that you hired the worker through an agency or from a list provided by an agency or association. It also doesn't matter whether you pay the worker on an hourly, daily, or weekly basis, or by the job.

***Example.*** You pay Peyton Shore to babysit your child and do light housework 4 days a week in your home. Peyton follows your specific instructions about household and childcare duties.

You provide the household equipment and supplies that Peyton needs to do the work. Peyton is your household employee.

**Household work.** Household work is work done in or around your home. Some examples of workers who do household work are:

- Babysitters,
- Butlers,
- Caretakers,
- Cooks,
- Domestic workers,
- Drivers,
- Health aides,
- Housecleaning workers,
- Housekeepers,
- Maids,
- Nannies,

- Private nurses, and
- Yard workers.

Household work doesn't include services performed by these workers unless the services are performed in or around your private home. A separate and distinct dwelling unit maintained by you in an apartment house, hotel, or other similar establishment is considered a private home. Services not of a household nature, such as services performed as a private secretary, tutor, or librarian, even though performed in your home, aren't considered household work.

**Workers who aren't your employees.** If only the worker can control how the work is done, the worker isn't your employee but is self-employed. A self-employed worker usually provides their own tools and offers services to the general public in an independent business.

A worker who performs childcare services for you in their home generally isn't your employee.

If an agency provides the worker and controls what work is done and how it is done, the worker isn't your employee.

***Example.*** You made an agreement with a worker to care for your lawn. The worker runs a lawn care business and offers their services to the general public. The worker hires their own helpers, provides their own tools and supplies, and instructs the helpers how to do their jobs. Neither the worker nor their helpers are your employees.

**More information.** For more information about who is an employee, see section 1 of Pub. 15-A.

# Can Your Employee Legally Work in the United States?



*It is unlawful for you to knowingly hire or continue to employ a person who can't legally work in the United States.*

When you hire a household employee to work for you on a regular basis, you and the employee must each complete the U.S. Citizenship and Immigration Services (USCIS) Form I-9, Employment Eligibility Verification. No later than the first day of work, the employee must complete the employee section of the form by providing certain required information and attesting to their current work eligibility status in the United States. You must complete the employer section by examining documents presented by the employee as evidence of their identity and employment eligibility. Acceptable documents to establish identity and employment eligibility are listed on Form I-9. You should keep the completed Form I-9 in

your own records. Don't submit it to the IRS, the USCIS, or any other government or other entity. The form must be kept available for review upon notice by an authorized U.S. Government official.

For more information on completing Form I-9, see M-274, Handbook for Employers, published by the USCIS.



You can get Form I-9 and the USCIS Handbook for Employers by going to the USCIS website at [USCIS.gov/I-9-Central](https://uscis.gov/I-9-Central).

**Note.** Form I-9 is available in Spanish. Only employers located in Puerto Rico may complete the Spanish version of Form I-9 instead of the English version. Go to [USCIS.gov/I-9](https://uscis.gov/I-9) to get the English and Spanish versions of Form I-9 and their separate instructions.



If you have questions about the employment eligibility verification process or other immigration-related employment matters, contact the USCIS Office of Business Liaison at 800-357-2099.

You may use the Social Security Number Verification Service (SSNVS) at [SSA.gov/employer/ssnv.htm](https://ssa.gov/employer/ssnv.htm) to verify that an employee name matches a social security number (SSN). A person may have a valid SSN but not be authorized to work in the United States. You may use E-Verify at [E-Verify.gov](https://e-verify.gov) to confirm the employment eligibility of newly hired employees.

## **Do You Need To Pay Employment Taxes?**

If you have a household employee, you may need to withhold and pay social security and Medicare taxes, pay FUTA tax, or both. To find out, read Table 1.

You don't need to withhold federal income tax from your household employee's wages. But if your employee asks you to withhold it, you can. See *Do You Need To Withhold Federal Income Tax*, later.

If you need to pay social security, Medicare, or FUTA tax or choose to withhold federal income tax, read Table 2 for an overview of what you may need to do.



*If you don't need to pay social security, Medicare, or FUTA tax and don't choose to withhold federal income tax, read State employment taxes next. The rest of this publication doesn't apply to you.*

**State employment taxes.** You should contact your state unemployment tax agency to find out whether you need to pay state unemployment tax for your household employee. For a list of state unemployment tax agencies, go to the U.S. Department of Labor's website at



[oui.doleta.gov/unemploy/agencies.asp](http://oui.doleta.gov/unemploy/agencies.asp). You should also determine if you need to pay or collect other state employment taxes or carry workers' compensation insurance.

**Consequences of not paying employment taxes.** If you have a household employee and you're required to withhold and pay employment taxes and you don't, you will generally be liable for the employment taxes that you should've withheld and paid. See section 2 of Pub. 15 for additional information. Interest and penalties may also be charged. You may have to pay a penalty if you don't give Forms W-2 to your employees or file Copy A of the forms with the SSA by the due dates. You may also have to pay a penalty if you don't show your employee's SSN on Form W-2 or don't provide correct information on the form.

# **Social Security and Medicare Taxes**

The Federal Insurance Contributions Act (FICA) provides for a federal system of old-age, survivors, disability, and hospital insurance. The old-age, survivors, and disability insurance part is financed by the social security tax. The hospital insurance part is financed by the Medicare tax. Each of these taxes is reported separately.

Both you and your household employee may owe social security and Medicare taxes. Your share is 7.65% (6.2% social security tax and 1.45% for Medicare tax) of the employee's social security and Medicare wages. Your employee's share is also 7.65% (6.2% for social security tax and 1.45% for Medicare tax). In addition to withholding Medicare tax at 1.45%, you must withhold a 0.9% Additional Medicare Tax from wages you pay to an employee in excess of \$200,000 in a calendar year. You're required to begin

withholding Additional Medicare Tax in the pay period in which you pay wages in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. Additional Medicare Tax is only imposed on the employee. There is no employer share of Additional Medicare Tax. All wages that are subject to Medicare tax are subject to Additional Medicare

Tax withholding if paid in excess of the \$200,000 withholding threshold. For more information on Additional Medicare Tax, go to [IRS.gov/ADMT](https://www.irs.gov/ADMT).



*Generally, you can use Table 3 to figure the amount of social security and Medicare taxes to withhold from each wage payment.*

You're responsible for payment of your employee's share of the taxes as well as your own. You can either withhold your employee's share from the employee's wages or pay it from your own funds. If you decide to pay the

employee's share from your own funds, see *Not withholding the employee's share*, later. Pay the taxes as discussed under *How Do You Make Tax Payments*, later. Also see *What Forms Must You File*, later.

**Social security and Medicare wages.** You figure social security and Medicare taxes on the social security and Medicare wages you pay your employee.

If you pay your household employee cash wages of \$2,800 or more in 2025, all cash wages you pay to that employee in 2025 (regardless of when the wages were earned) up to \$176,100 are social security wages and all cash wages are Medicare wages. However, any noncash wages you pay don't count as social security and Medicare wages.

Table 1. **Do You Need To Pay Employment Taxes?**

IF you ...		THEN you need to ...
<b>A</b>	Pay cash wages of \$2,800 or more in 2025 to any one household employee. Don't count wages you pay to: <ul style="list-style-type: none"><li>• Your spouse,</li><li>• Your child under the age of 21,</li><li>• Your parent (see <a href="#">Wages not counted</a>, later, for an exception), or</li><li>• Any employee under the age of 18 at any time in 2025 (see <a href="#">Wages not counted</a>, later, for an exception).</li></ul>	Withhold and pay social security and Medicare taxes. <ul style="list-style-type: none"><li>• The taxes are 15.3%<sup>1</sup> of cash wages.</li><li>• Your employee's share is 7.65%.<sup>1</sup> (You can choose to pay it yourself and not withhold it.)</li><li>• Your share is 7.65%.</li></ul>
<b>B</b>	Pay total cash wages of \$1,000 or more in any calendar quarter of 2024 or 2025 to household employees. Don't count wages you pay to: <ul style="list-style-type: none"><li>• Your spouse,</li><li>• Your child under the age of 21, or</li><li>• Your parent.</li></ul>	Pay FUTA tax. <ul style="list-style-type: none"><li>• The tax is 6% of cash wages.</li><li>• Wages over \$7,000 a year per employee aren't taxed.</li><li>• You may also owe state unemployment tax.</li></ul>
<sup>1</sup> In addition to withholding Medicare tax at 1.45%, you must withhold a 0.9% Additional Medicare Tax from wages you pay to an employee in excess of \$200,000 in a calendar year. You're required to begin withholding Additional Medicare Tax in the pay period in which you pay wages in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. Additional Medicare Tax is only imposed on the employee. There is no employer share of Additional Medicare Tax. All wages that are subject to Medicare tax are subject to Additional Medicare Tax withholding if paid in excess of the \$200,000 withholding threshold.		
<b>Note.</b> If neither A nor B above applies, you don't need to pay any federal employment taxes. But you may still need to pay state employment taxes.		

Table 2. **Household Employer's Checklist**

*You may need to do the following things when you have a household employee.*

<b>When you hire a household employee:</b>	<div><input type="checkbox"/> Find out if the person can legally work in the United States.</div> <div><input type="checkbox"/> Find out if you need to withhold and pay federal taxes.</div> <div><input type="checkbox"/> Find out if you need to withhold and pay state taxes.</div>
<b>When you pay your household employee:</b>	<div><input type="checkbox"/> Withhold social security and Medicare taxes.</div> <div><input type="checkbox"/> Withhold federal income tax.</div> <div><input type="checkbox"/> Decide how you will make tax payments.</div> <div><input type="checkbox"/> Keep records.</div>
<b>By February 2, 2026:</b>	<div><input type="checkbox"/> Get an employer identification number (EIN).</div> <div><input type="checkbox"/> Give your employee Copies B, C, and 2 of Form W-2, Wage and Tax Statement.</div> <div><input type="checkbox"/> Send Copy A of Form W-2 with Form W-3 to the SSA. Don't send Form W-2 to the SSA if you didn't withhold federal income tax and the social security and Medicare wages were below \$2,800 for 2025.</div>
<b>By April 15, 2026:</b>	<div><input type="checkbox"/> File Schedule H (Form 1040) with your 2025 federal income tax return (Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041).</div> <div>If you don't have to file a return, file Schedule H by itself.</div>

If you pay the employee less than \$2,800 in cash wages in 2025, none of the wages you pay the employee are social security or Medicare wages and neither you nor your employee will owe social security or Medicare tax on those wages.

***Cash wages.*** Cash wages include wages you pay by check, money order, etc. Cash wages don't include the value of food, lodging, clothing, transit passes, and other noncash items you give your household employee. However, cash you give your employee in place of these items is included in cash wages.

Noncash wages paid to household employees aren't subject to social security or Medicare taxes; however, they are subject to federal income tax unless a specific exclusion applies. Report the value of taxable noncash wages in box 1 of Form W-2 (box 7 of Form 499R-2/W-2PR) together with cash wages. Don't show noncash wages in box 3 or in box 5 of Form

W-2 (boxes 20 and 22 of Form 499R-2/W-2PR). See *Do You Need To Withhold Federal Income Tax*, later.

Also see section 5 of Pub. 15 for more information on cash and noncash wages, and Pub. 15-B for more information on fringe benefits.

***State disability payments treated as wages.*** Certain state disability plan payments that your household employee may receive are treated as social security and Medicare wages. For more information about these payments, see the Instructions for Schedule H (Form 1040) and the notice issued by the state.

***Wages not counted.*** Don't count wages you pay to any of the following individuals as social security or Medicare wages, even if these wages are \$2,800 or more during the year.



1. Your spouse.
2. Your child who is under the age of 21.
3. Your parent. **Exception:** Count these wages if both the following conditions apply.
  - a. Your parent cares for your child (including an adopted child or stepchild) who is either of the following.
    - i. Under the age of 18.
    - ii. Has a physical or mental condition that requires the personal care of an adult for at least 4 continuous weeks in the calendar quarter services were performed.
  - b. Your marital status is one of the following.
    - i. You're divorced and haven't remarried.

- ii. You're a widow or widower.
  - iii. You're living with a spouse whose physical or mental condition prevents them from caring for your child for at least 4 continuous weeks in the calendar quarter services were performed.
4. An employee who is under the age of 18 at any time during the year.
- Exception:** Count these wages if providing household services is the employee's principal occupation. If the employee is a student, providing household services isn't considered to be their principal occupation.

Also, if your employee's cash wages reach \$176,100 (maximum wages subject to social security tax) in 2025, don't count any wages you pay that employee during the rest of the year as social security wages to figure social security tax. Continue to count the

employee's cash wages as Medicare wages to figure Medicare tax.

***Transportation (commuting) benefits.*** If you reimburse your employee for qualified parking, transportation in a commuter highway vehicle, or transit passes, you may be able to exclude the cash reimbursement amounts from counting as cash wages subject to social security and Medicare taxes.

Qualified parking is parking at or near your home or at or near a location from which your employee commutes to your home. It doesn't include parking at or near your employee's home. For 2025, you can reimburse your employee up to \$325 per month for qualified parking and \$325 per month for combined commuter highway vehicle transportation and transit passes. See *Transportation (Commuting) Benefits* in section 2 of Pub. 15-B for more information. Any cash reimbursement over these amounts is included as wages.

**Withholding the employee's share.** You should withhold the employee's share of social security and Medicare taxes if you expect to pay your household employee cash wages of \$2,800 or more in 2025. However, if you prefer to pay the employee's share yourself, see *Not withholding the employee's share*, later.

You can withhold the employee's share of the taxes even if you're not sure your employee's cash wages will be \$2,800 or more in 2025. If you withhold the taxes but then actually pay the employee less than \$2,800 in cash wages for the year, you should repay the employee. Don't report withheld taxes that you repaid to the employee on Form W-2.

Withhold 7.65% (6.2% for social security tax and 1.45% for Medicare tax) from each payment of social security and Medicare wages. Generally, you can use Table 3 to figure the proper amount to withhold. You will pay the amount withheld to the IRS with your

share of the taxes. Don't withhold any social security tax after your employee's social security wages for the year reach \$176,100.

If you make an error by withholding too little, you should withhold additional taxes from a later payment. If you withhold too much, you should repay the employee.

**Note.** Employers located in Puerto Rico see the Instructions for Form W-3 (PR).



*In addition to withholding Medicare tax at 1.45%, you must withhold a 0.9% Additional Medicare Tax from wages you pay to an employee in excess of \$200,000 in a calendar year. You're required to begin withholding Additional Medicare Tax in the pay period in which you pay wages in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. Additional Medicare Tax is only imposed on the employee. There is no employer share of Additional Medicare Tax. All wages that are*

*subject to Medicare tax are subject to Additional Medicare Tax withholding if paid in excess of the \$200,000 withholding threshold. For more information on Additional Medicare Tax, go to [IRS.gov/ADMT](https://www.irs.gov/ADMT).*

**Example.** On January 31, 2025, Mary Brown hired Jane A. Oak (who is an unrelated individual over age 18) to care for Mary's child and agreed to pay cash wages of \$70 every Friday. Jane worked for the remainder of the year (a total of 48 weeks). Jane didn't give Mary a Form W-4 to request federal income tax withholding.

The following is the information Mary will need to complete Schedule H (Form 1040), Form W-2, and Form W-3.

Total cash wages paid to Jane . . . . .	\$3,360.00 (\$70 x 48 weeks)
Jane's share of:	\$208.32
Social security tax . . . . .	(\$3,360 x 6.2% (0.062))
Medicare tax . . . . .	(\$3,360 x 1.45% (0.0145))
Mary's share of:	\$208.32
Social security tax . . . . .	(\$3,360 x 6.2% (0.062))
Medicare tax . . . . .	\$48.72 (\$3,360 x 1.45% (0.0145))

Amount reported on Form W-2 and Form W-3:

Box 1: Wages, tips . . . . . \$3,360.00

Box 3: Social security wages . . . . \$3,360.00

Box 4: Social security tax withheld \$208.32

Box 5: Medicare wages and tips . . \$3,360.00

Box 6: Medicare tax withheld . . . . \$48.72

For information on withholding and reporting federal income taxes, see Pub. 15 and Pub.15-T.

**Not withholding the employee's share.** If you prefer to pay your employee's social security and Medicare taxes from your own funds, don't withhold them from your employee's wages. The social security and Medicare taxes you pay to cover your employee's share must be included in the employee's wages for income tax purposes.



However, they aren't counted as social security and Medicare wages or as FUTA wages. Report the social security and Medicare taxes that you paid in boxes 4 and 6 of your employee's Form W-2 (boxes 21 and 23 of Form 499R-2/ W-2PR); also add the taxes to your employee's wages reported in box 1 of Form W-2 (box 7 of Form 499R-2/ W-2PR).

**Example.** In 2025, you hire a household employee (who is an unrelated individual over age 18) to care for your child and agree to pay cash wages of \$100 every Friday. You expect to pay your employee \$2,800 or more for the year. You decide to pay your employee's share of social security and Medicare taxes from your own funds. You pay your employee \$100 every Friday without withholding any social security or Medicare taxes.

For social security and Medicare tax purposes, your employee's wages each payday are \$100. For each wage payment, you will pay \$15.30 when you pay the taxes. This is \$7.65 (\$6.20 for social security tax plus \$1.45 for Medicare tax) to cover your employee's share plus \$7.65 (\$6.20 for social security tax plus \$1.45 for Medicare tax) for your share. For income tax purposes, your employee's wages each payday are \$107.65 (\$100 + the \$7.65 you will pay to cover your employee's share of social security and Medicare taxes).

## **Federal Unemployment (FUTA) Tax**

The FUTA tax is part of the federal and state program under the Federal Unemployment Tax Act (FUTA) that pays unemployment compensation to workers who lose their jobs. Like most employers, you may owe both the FUTA tax and a state unemployment tax. Or you may owe only the FUTA tax or only the state unemployment tax. To find out whether

you will owe state unemployment tax, contact your state's unemployment tax agency. For a list of state unemployment tax agencies, go to the U.S. Department of Labor's website at [oui.doleta.gov/unemploy/agencies.asp](http://oui.doleta.gov/unemploy/agencies.asp). You should also find out if you need to pay or collect other state employment taxes or carry workers' compensation insurance.

The FUTA tax is 6.0% of your employee's FUTA wages. However, you may be able to take a credit of up to 5.4% against the FUTA tax, resulting in a net tax rate of 0.6%. Your credit for 2025 is limited unless you pay all the required contributions for 2025 to your state unemployment fund by April 15, 2026. The credit you can take for any contributions for 2025 that you pay after April 15, 2026, is limited to 90% of the credit that would have been allowable if the contributions were paid on or before that day.

**Note.** The 5.4% credit is reduced for wages paid in a credit reduction state. See the Instructions for Schedule H (Form 1040).



*Don't withhold the FUTA tax from your employee's wages. You must pay it from your own funds.*

**FUTA wages.** Figure the FUTA tax on the FUTA wages you pay. If you pay cash wages to all your household employees totaling \$1,000 or more in any calendar quarter of 2024 or 2025, the first \$7,000 of cash wages you pay to each household employee in 2025 are FUTA wages. (A calendar quarter is January through March, April through June, July through September, or October through

Table 3. **Employee Social Security (6.2%) and Medicare (1.45%<sup>1</sup>) Tax Withholding Table**

(See Pub. 15-T for federal income tax withholding tables.)

Use this table to figure the amount of social security and Medicare taxes to withhold from each wage payment. For example, on a wage payment of \$180, the employee social security tax is \$11.16 (\$6.20 tax on \$100 plus \$4.96 on \$80 wages). The employee Medicare tax is \$2.61 (\$1.45 tax on \$100 plus \$1.16 on \$80 wages).					
If wage payment is:	The social security tax to be withheld is:	The Medicare tax to be withheld is:	If wage payment is:	The social security tax to be withheld is:	The Medicare tax to be withheld is:
\$ 1.00 . . . . .	\$ .06	\$ .01	\$ 51.00 . . . . .	\$ 3.16	\$ .74
2.00 . . . . .	.12	.03	52.00 . . . . .	3.22	.75
3.00 . . . . .	.19	.04	53.00 . . . . .	3.29	.77
4.00 . . . . .	.25	.06	54.00 . . . . .	3.35	.78
5.00 . . . . .	.31	.07	55.00 . . . . .	3.41	.80
6.00 . . . . .	.37	.09	56.00 . . . . .	3.47	.81
7.00 . . . . .	.43	.10	57.00 . . . . .	3.53	.83
8.00 . . . . .	.50	.12	58.00 . . . . .	3.60	.84
9.00 . . . . .	.56	.13	59.00 . . . . .	3.66	.86
10.00 . . . . .	.62	.15	60.00 . . . . .	3.72	.87
11.00 . . . . .	.68	.16	61.00 . . . . .	3.78	.88
12.00 . . . . .	.74	.17	62.00 . . . . .	3.84	.90
13.00 . . . . .	.81	.19	63.00 . . . . .	3.91	.91
14.00 . . . . .	.87	.20	64.00 . . . . .	3.97	.93
15.00 . . . . .	.93	.22	65.00 . . . . .	4.03	.94
16.00 . . . . .	.99	.23	66.00 . . . . .	4.09	.96
17.00 . . . . .	1.05	.25	67.00 . . . . .	4.15	.97
18.00 . . . . .	1.12	.26	68.00 . . . . .	4.22	.99
19.00 . . . . .	1.18	.28	69.00 . . . . .	4.28	1.00
20.00 . . . . .	1.24	.29	70.00 . . . . .	4.34	1.02
21.00 . . . . .	1.30	.30	71.00 . . . . .	4.40	1.03
22.00 . . . . .	1.36	.32	72.00 . . . . .	4.46	1.04
23.00 . . . . .	1.43	.33	73.00 . . . . .	4.53	1.06
24.00 . . . . .	1.49	.35	74.00 . . . . .	4.59	1.07
25.00 . . . . .	1.55	.36	75.00 . . . . .	4.65	1.09
26.00 . . . . .	1.61	.38	76.00 . . . . .	4.71	1.10
27.00 . . . . .	1.67	.39	77.00 . . . . .	4.77	1.12
28.00 . . . . .	1.74	.41	78.00 . . . . .	4.84	1.13
29.00 . . . . .	1.80	.42	79.00 . . . . .	4.90	1.15
30.00 . . . . .	1.86	.44	80.00 . . . . .	4.96	1.16
31.00 . . . . .	1.92	.45	81.00 . . . . .	5.02	1.17
32.00 . . . . .	1.98	.46	82.00 . . . . .	5.08	1.19
33.00 . . . . .	2.05	.48	83.00 . . . . .	5.15	1.20
34.00 . . . . .	2.11	.49	84.00 . . . . .	5.21	1.22
35.00 . . . . .	2.17	.51	85.00 . . . . .	5.27	1.23
36.00 . . . . .	2.23	.52	86.00 . . . . .	5.33	1.25
37.00 . . . . .	2.29	.54	87.00 . . . . .	5.39	1.26
38.00 . . . . .	2.36	.55	88.00 . . . . .	5.46	1.28
39.00 . . . . .	2.42	.57	89.00 . . . . .	5.52	1.29
40.00 . . . . .	2.48	.58	90.00 . . . . .	5.58	1.31
41.00 . . . . .	2.54	.59	91.00 . . . . .	5.64	1.32
42.00 . . . . .	2.60	.61	92.00 . . . . .	5.70	1.33
43.00 . . . . .	2.67	.62	93.00 . . . . .	5.77	1.35
44.00 . . . . .	2.73	.64	94.00 . . . . .	5.83	1.36
45.00 . . . . .	2.79	.65	95.00 . . . . .	5.89	1.38
46.00 . . . . .	2.85	.67	96.00 . . . . .	5.95	1.39
47.00 . . . . .	2.91	.68	97.00 . . . . .	6.01	1.41
48.00 . . . . .	2.98	.70	98.00 . . . . .	6.08	1.42
49.00 . . . . .	3.04	.71	99.00 . . . . .	6.14	1.44
50.00 . . . . .	3.10	.73	100.00 . . . . .	6.20	1.45
<sup>1</sup> In addition to withholding Medicare tax at 1.45%, you must withhold a 0.9% Additional Medicare Tax from wages you pay to an employee in excess of \$200,000 in a calendar year. You're required to begin withholding Additional Medicare Tax in the pay period in which you pay wages in excess of \$200,000 to an employee and continue to withhold it each pay period until the end of the calendar year. Additional Medicare Tax is only imposed on the employee. There is no employer share of Additional Medicare Tax. All wages that are subject to Medicare tax are subject to Additional Medicare Tax withholding if paid in excess of the \$200,000 withholding threshold.					

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December.) If your employee's cash wages reach \$7,000 during the year, don't figure the FUTA tax on any wages you pay that employee during the rest of the year. For an explanation of cash wages, see *Social security and Medicare wages* under *Social Security and Medicare Taxes*, earlier.

***Wages not counted.*** Don't count wages you pay to any of the following individuals as FUTA wages.

- Your spouse.
- Your child who is under the age of 21.
- Your parent.

## **Do You Need To Withhold Federal Income Tax?**

You're not required to withhold federal income tax from wages you pay a household employee. You should withhold federal income tax only if your household employee asks you to withhold it and you agree.

The employee must give you a completed Form W-4.

If you and your employee have agreed to withholding, either of you may end the agreement by letting the other know in writing.

If you agree to withhold federal income tax, you're responsible for paying it to the IRS. Pay the tax as discussed under *How Do You Make Tax Payments*, later. Also see *What Forms Must You File*, later.

Use the federal income tax withholding tables in Pub. 15-T to find out how much to withhold. Figure federal income tax withholding on taxable wages before you deduct any amounts for other withheld taxes. Withhold federal income tax from each payment of wages based on the information included on your employee's Form W-4. Pub. 15-T contains detailed instructions.



**Wages.** Figure federal income tax withholding on both cash and noncash wages you pay. Although wages paid to a child, spouse, or parent may be excluded from social security, Medicare, and FUTA taxes as described earlier, these wages are still subject to federal income tax. Measure wages you pay in any form other than cash by the fair market value of the noncash item.

Don't count as wages any of the following items.

- Meals provided to your employee at your home for your convenience.
- Lodging provided to your employee at your home for your convenience and as a condition of employment.
- Up to \$325 a month for 2025 for transit passes you give your employee or for any cash reimbursement you make for the amount your employee pays for transit passes used to commute to your home if

you qualify for this exclusion. (See Pub. 15-B for special requirements for this exclusion.) A transit pass includes any pass, token, fare card, voucher, or similar item entitling a person to ride on mass transit, such as a bus or train.

- Up to \$325 a month for 2025 for the value of parking you provide your employee or for any cash reimbursement you make for the amount your employee pays and substantiates for parking at or near your home or at or near a location from which your employee commutes to your home.

See section 5 of Pub. 15 for more information on cash and noncash wages, and Pub. 15-B for more information on fringe benefits.

**Paying tax without withholding.** Any income tax you pay for your employee without withholding it from the employee's wages must be included in the employee's wages for federal income tax purposes.

It must also be included in social security and Medicare wages and in FUTA wages.

## **What Do You Need To Know About the Earned Income Credit?**

Certain workers can take the earned income credit (EIC) on their federal income tax return. This credit reduces their tax or allows them to receive a payment from the IRS.

**Notice about the EIC.** You must give your household employee a notice about the EIC if you agree to withhold federal income tax from the employee's wages (as discussed earlier under *Do You Need To Withhold Federal Income Tax*) and the federal income tax withholding tables show that no tax should be withheld. Even if not required, you're encouraged to give the employee a notice about the EIC if their 2024 wages were less than \$59,899 (\$66,819 if married filing jointly).

Copy B of Form W-2 has a statement about the EIC on the back. If you give your employee that copy by February 2, you don't have to give the employee any other notice about the EIC.

If you don't give your employee Copy B of the Form W-2, your notice about the EIC can be any of the following items.

1. A substitute Form W-2 with the same EIC information on the back of the employee's copy that is on Copy B of IRS Form W-2.
2. Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC).
3. Your own written statement with the same wording as in Notice 797.

If a substitute Form W-2 is given to the employee on time but doesn't have the required EIC information, you must notify the employee within 1 week of the date the

substitute for Form W-2 is given. If Form W-2 is required but isn't given on time, you must give the employee Notice 797 or your written statement about the EIC by February 2. If Form W-2 isn't required, you must notify the employee by February 9.

## **How Do You Make Tax Payments?**

When you file your 2025 federal income tax return in 2026, attach Schedule H (Form 1040) to your Form 1040, 1040-SR, 1040-SS, 1040-NR, or 1041. Use Schedule H to figure your total household employment taxes (social security, Medicare, FUTA, and withheld federal income taxes). Add these household employment taxes to your income tax. Pay the amount due by April 15, 2026. For more information about using Schedule H, see *Schedule H* under *What Forms Must You File*, later.

You can avoid owing tax with your return if you pay enough tax during the year to cover your household employment taxes, as well as your income tax. You can pay the additional tax in any of the following ways.

- Ask your employer to withhold more federal income tax from your wages in 2025.
- Ask the payer of your pension or annuity to withhold more federal income tax from your benefits.
- Make estimated tax payments for 2025 to the IRS.
- Increase your payments if you already make estimated tax payments.