

# Household Employees

7

## Withholding Fact Sheet 7

Fact Sheet

*This fact sheet explains Minnesota income tax withholding responsibilities as they relate to household employees. If you have questions or need to obtain forms mentioned in this fact sheet, see “Information and Assistance” on page 2.*

### When are Household Workers Employees?

Household workers are employees if you control not only what household work is done, but also how it is done. It does not matter if the work is full-time or part-time, or if the worker was hired through an agency. It also does not matter if the worker is paid by the job, or on an hourly, daily or weekly basis.

“Household work” means work done in or around your home by babysitters, nannies, health aides, private nurses, maids, caretakers, yard workers and similar domestic workers.

### Withholding Requirements

You are **not required** to withhold Minnesota income tax from the wages of household employees. Minnesota income tax can be withheld, however, if the household employee **asks** you to withhold and you **agree**.

If Minnesota income taxes are not withheld, the employee may be required to pay estimated income tax. For more information on estimated taxes, go to our website, send an email to Individual.IncomeTax@state.mn.us or call 651-296-3781 or 1-800-652-9094.

If you agree to withhold tax, you must have a Minnesota tax ID number and be registered for withholding tax. You may be assessed a \$100 penalty if you fail to do so.

### Register for Withholding Tax

If you are a new employer, see Withholding Fact Sheet 10, *New Employer Guide*, for important information. If you do not have a Minnesota tax ID number, apply online at [www.revenue.state.mn.us](http://www.revenue.state.mn.us) or by calling our Business Registration Office at 651-282-5225 or 1-800-657-3605.

If you already have a Minnesota tax ID number for other taxes for the same business, you can use the same number for withholding tax. To update your account, go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and log in to e-Services. You will need to activate a withholding tax account.

### Withholding Tax From Wages

If your household employee asks you to withhold and you agree, follow the same rules for withholding on wages (see the *Minnesota Income Tax Withholding Instruction Booklet*, available on our website).

**Federal Withholding Allowances.** You must have all new employees complete federal Form W-4, *Employee’s Withholding Allowance Certificate*, (available at [www.irs.gov](http://www.irs.gov)) when they begin employment to determine the number of federal withholding allowances to claim. If a new employee does not give you a completed Form W-4 before the first wage payment, withhold tax as if he or she is single with zero withholding allowances.

**Minnesota Withholding Allowances.** If the employee chooses the same number of Minnesota allowances as federal and the number claimed is 10 or less, use the same number of allowances reported on Form W-4 to determine the employee’s Minnesota withholding. There is no need for the employee to complete a separate form for Minnesota purposes.

However, the employee must provide you with a completed Form W-4MN, *Minnesota Employee Withholding Allowance/Exemption Certificate*, if they:

- choose to claim fewer Minnesota withholding allowances than for federal purposes;
- choose to claim more than 10 Minnesota allowances;
- request additional Minnesota withholding be deducted each pay period; or
- claim to be exempt from Minnesota income tax withholding.

For complete information, see Withholding Fact Sheet 9, *Definition of Wages*, Fact Sheet 10, *New Employer Guide*, and Form W-4MN (see “Information and Assistance” on page 2).

### File and Pay Electronically

**Filing Returns.** All Minnesota withholding tax returns, including past-due and amended returns, must be filed electronically using one of the department’s filing and paying systems:

- Go to [www.revenue.state.mn.us](http://www.revenue.state.mn.us) and log in to e-Services; or
- Call 1-800-570-3329 to file by phone.

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Income Tax and Withholding Division  
Phone: 651-282-9999 or 1-800-657-3594  
Minnesota Relay 711 (tty)  
E-mail: [withholding.tax@state.mn.us](mailto:withholding.tax@state.mn.us)

This fact sheet is intended to help you become more familiar with Minnesota tax laws and your rights and responsibilities under the laws. Nothing in this fact sheet supersedes, alters or otherwise changes any provisions of the tax law, administrative rules, court decisions or revenue notices. Alternative formats available upon request.

**Electronic Deposit Requirements.** You're required to pay electronically if you:

- withheld more than \$10,000 during the last 12-month period ending June 30; or
- are required to electronically pay any other Minnesota business tax.

If you're not required to deposit electronically and you choose to pay by check, you must mail each deposit (payment) with a completed Form MW5, *Withholding Tax Deposit/Payment Voucher*. Mail the MW5 with your check to the address shown on the voucher. Your check authorizes us to make a one-time electronic fund transfer from your account. You may not receive your canceled check.

For additional information on filing and depositing electronically, see the Withholding Tax Help link in e-Services.

### **Other Employment Taxes May Apply**

If you have a household employee, you may be subject to Social Security, Medicare and federal unemployment taxes. You may withhold federal income taxes if you and the employee agree to do so. Refer to IRS Publication 926, *Household Employers Tax Guide*, available at [www.irs.gov](http://www.irs.gov), for additional information.

In addition, you may also be liable for state unemployment tax. For more information, go to the Department of Employment and Economic Development website at [www.uimn.org](http://www.uimn.org) or call 651-296-6141.

See Withholding Fact Sheet 10, *New Employer Guide*, for additional requirements.

### **Information and Assistance**

Additional forms and information, including fact sheets and frequently asked questions, are available on our website.

Website: [www.revenue.state.mn.us](http://www.revenue.state.mn.us)

Email: [withholding.tax@state.mn.us](mailto:withholding.tax@state.mn.us)

Phone: 651-282-9999 or 1-800-657-3594  
(TTY: Call 711 for Minnesota Relay)

We will provide information in other formats upon request to persons with disabilities.