

Household Payroll Guide



It's easy to assume that paying a nanny is as simple as writing a check every week, like you would a babysitter. However, the IRS is explicit that nannies are employees, not independent contractors.

The single most important mindset shift is this: you are not hiring a freelancer, you're becoming a household employer.

How to Begin:

- **Get an Employer Identification Number (EIN).** This is your household's business tax ID, used to report federal payroll taxes. You can apply for free directly through the IRS.
- **Register with your state.** Most states require household employers to register for unemployment insurance and, where applicable, state income tax withholding.
- **Understand which taxes apply.** Once you pay a nanny above a certain threshold, you're responsible for withholding Social Security and Medicare taxes. You'll also likely owe federal and state unemployment tax. Income tax withholding isn't required unless your nanny requests it, but many do it anyway.
- **Issue a W-2, not a 1099.** At year-end, your nanny needs a W-2 to file her own taxes, generally due by the end of January



THE SIGNATURE
— NANNY PLACEMENT —

info@signaturenannyplacement.com

www.signaturenannyplacement.com