

Taxes for Hiring In-Home Workers

Each taxpayer's situation is unique. Tax rates, regulations and exemptions change frequently. The determination of how tax laws affect a taxpayer depends on the taxpayer's situation. **Taxpayers are encouraged to seek advice from a competent tax professional before hiring in-home workers.**

If you pay someone to come to your home and care for the person with dementia, you may be a household employer and may have to withhold and pay Social Security and Medicare tax and pay federal unemployment tax.

Go to www.irs.gov for [IRS Publication 926: Household Employer's Tax Guide](#) for information on the following:

- Do You Have a Household Employee?
- Can Your Employee Legally Work in the United States?
- Do You Need to Pay Employment Taxes?
- Social Security and Medicare Taxes
- Federal Unemployment (FUTA) Tax
- Do You Need To Withhold Federal Income Tax?
- What Do You Need To Know About the Earned Income Credit?
- How Do You Make Tax Payments?
- What Forms Must You File?
- What Records Must You Keep?
- Can You Claim a Credit for Child and Dependent Care Expenses?
- How Can You Correct Household Employment Taxes Schedule H?
- How To Get Tax Help

Is the worker an employee?

An employee-employer relationship generally exists when the person for whom the services are performed has the right to control and direct the person who performs the services.

- Is the worker given instructions about when, where and how to do the work?
- Is there a continuing relationship between the worker and the person for whom the services are performed?
- Is the work performed on the premises of the person who receives services?
- Is the payment made by the hour, week, or month, rather than by the job?
- Do you provide the household equipment and supplies needed to perform duties?

If most of the above answers are yes, then the worker **is an employee.**

Are you the employer?

- A **self-employed** worker usually provides his or her own tools and offers services to the general public in an independent business. A self-employed worker also controls how and when the work is completed.

- ❑ If an agency provides the worker and controls what work is done and how it is done, the worker is the **agency's employee**.
- ❑ If the worker is not self-employed and is not an agency's employee, **you** are the **employer** and the worker is **your employee**.

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 <http://www.careeronestop.org/localhelp/unemploymentbenefits/unemployment-benefits.aspx>

Tax questions: If you have a tax question, check the information available on www.irs.gov or call toll free (800) 829.1040 or (800) 829.4933. For persons who are deaf, hard of hearing, or have a speech disability, call (800) 829.4059. Support is available Monday through Friday from 7:00 a.m.–7:00 p.m.

Tax Credits and Deductions: You may be eligible to deduct medical expenses from the taxes you pay. This topic sheet provides information about potential State and Federal tax credits and deductions: http://www.alz.org/national/documents/topicsheet_taxcreditsdeducts.pdf.

Missouri Shared Care Tax Credit: If you care for an older family member in your home, you might be eligible for a tax credit on your Missouri Income Tax Return. The Missouri Shared Care Tax Credit provides a tax credit up to \$500 per tax year to help families offset the costs of caring for an elderly person (age 60+) The caregiver must be registered with the Missouri Department of Health and Senior Services and must live in the same residence as the person receiving care. The older person must be determined to be physically or mentally incapable of living alone and must require assistance with activities of daily living and unable to drive a car under any circumstances. The person cannot receive funding or services through Missouri HealthNet (Medicaid) or Social Services Block Grant funding. To access the application, go to: http://dor.mo.gov/forms/MO-SCC_2015.pdf For more information, contact the Missouri Division of Senior and Disability Services at 573.751.4842 to request a Shared Care Registration Packet.

For more information about caregiving related concerns, visit the Alzheimer's Association Caregiver Center at www.alz.org/care or call the 24/7 Helpline at 800.272.3900.