

Withholding Fact Sheet 7, Household Employees

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 household employees’ wages. You may withhold Minnesota income tax if a household employee **asks** you to withhold and you **agree** to do so.

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 (toll-free).

If you agree to withhold tax, you must have a Minnesota Tax ID Number and be registered for withholding tax. The Minnesota Department of Revenue may assess you 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 ID number, apply online at www.revenue.state.mn.us or call us at 651-282-5225 or 1-800-657-3605 (toll-free).

If you already have a Minnesota 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 and log in to our e-Services system. 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 (available at www.irs.gov) and Minnesota Form W-4MN, *Minnesota Employee Withholding Allowance/Exemption Certificate*, when they begin employment to determine the number of withholding allowances to claim. If a new employee does not give you a complete federal Form W-4 or Minnesota Form W-4MN before the first wage payment, withhold tax as if they are single with zero withholding allowances.

Minnesota Withholding Allowances

If an employee has already completed a 2019 or earlier federal Form W-4, you may use the allowances from the federal Form W-4.

If the employee completes a 2020 federal Form W-4, they complete a 2020 Minnesota Form W-4MN.

For complete information, see:

- Withholding Fact Sheet 9, *Definition of Wages*
- Withholding Fact Sheet 10, *New Employer Guide*
- Form W-4MN

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How to Pay

For payment options, go to www.revenue.state.mn.us and select **Make a Payment** under **For Businesses**.

You're required to pay electronically if one of the following is true:

- You withheld more than \$10,000 during the last 12-month period ending June 30
- You are required to electronically pay any other Minnesota business tax
- You use a payroll service company

If you're required to pay business taxes electronically for one year, you must continue to do so for all future years.

How to File

You must electronically file all Minnesota withholding tax returns, including past-due and amended returns using one of our filing and paying systems. Go to www.revenue.state.mn.us and log in to e-Services or call 1-800-570-3329.

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, for additional information.

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 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

Email: withholding.tax@state.mn.us

Phone: 651-282-9999 or 1-800-657-3594

This information is available in alternate formats.