



## Employers of Household Employees May File and Pay Once a Year

### TO: Employers and Tax Practitioners

Beginning January 1, 1998, if you are an employer of household employees, you will have the opportunity for an easier method for filing and paying the Illinois Income Tax that you withhold from your household employees' wages. If you choose the new, easier method, you will file and pay this tax only once a year on one form. Otherwise, you may choose to file and pay throughout the year using Forms IL-501, IL-941, and IL-W-3.

### Am I an employer of household employees?

You are an employer of household employees if

- you employ at least one person who does household work in or around your home (e.g., babysitter, caretaker, cleaning person, driver, health aide, housekeeper, nanny, private nurse, yard worker); and
- you control not only the work that is done, but how it is done (e.g., you provide the necessary equipment and supplies).

### What is a household employee?

A household employee can be a full-time or part-time employee who is paid hourly, daily, weekly, by the job, etc. We define household employees the same as the Internal Revenue Service (IRS) defines "domestic service employees." Refer to the Internal Revenue Code, Section 3510, for more information. The following examples will help you define household employees:

**Example 1:** Sally Samson babysits your children and also does light housework four days a week in your home. Sally follows your specific instructions about household and child care duties. You provide the household equipment and supplies that Sally needs to do her job. Sally is your household employee.

**Example 2:** Tom Thomson cares for your landscaping. He also offers landscaping services to others in the neighborhood. Tom provides his own tools and supplies and hires and pays helpers. Neither Tom nor his helpers are your household employees.

**Note:** Generally, a household employee is not your occasional babysitter, your spouse, your child under the age of 21, your parent, or an employee under the age of 18.

### If I am an employer of household employees, should I withhold Illinois Income Tax from their wages?

You should withhold Illinois Income Tax only if

- you withhold federal income tax or
- your household employee asks you to withhold it and you agree.

If you withhold Illinois Income Tax, you must have your employee complete Form IL-W-4, Employee's Withholding Allowance Certificate, and keep it in your records.

### If I withhold Illinois Income Tax from my household employees' wages, what do I need to do?

If you withhold Illinois Income Tax from your household employees' wages, you must file and pay the tax you withheld to us. If you choose the new, easier method, you will need to file and pay once a year on the 15th day of the fourth month following the close of your tax year (for most taxpayers this is April 15).

**For example:** Beginning on January 1, 1998, you begin to withhold Illinois Income Tax from the wages that you pay Sally Samson (your household employee). The following is a breakdown of Sally's 1998 Illinois wages and withholding.

<u>Month</u>	<u>Wages</u>	<u>Tax withheld</u>
January	\$2,500	\$72.50
February	\$2,500	\$72.50
March	\$2,500	\$72.50
April	\$2,500	\$72.50
May	\$2,500	\$72.50
June	\$2,500	\$72.50
July	\$2,500	\$72.50
August	\$2,500	\$72.50
September	\$2,500	\$72.50
October	\$2,500	\$72.50
November	\$2,500	\$72.50
December	\$3,000	\$87.50
<b>1998 Totals</b>	<b>\$30,500</b>	<b>\$885</b>

If you elect to use the current method to report and pay the \$885 that you withheld from Sally's wages (*i.e.*, file Forms IL-941, and IL-W-3), you would be required to file at least four times a year. You would need to report the tax by filing Form IL-941 at the end of each quarter (*i.e.*, April 30, July 31, October 31, and January 31 of the following year). You would also be required to file Form IL-W-3, Annual Withholding Tax Return, by February 28 of the following year.

However, if you choose to use the new, easier method, you will be able to file and pay the \$885 that

you withheld from Sally's pay by April 15, 1999, using only one return.

**Note:** If you employ other types of employees, you must continue using Forms IL-501, IL-941, and IL-W-3 to file and pay the tax you withhold from your other employees.

### **What if I employ only household employees and want to stop filing Forms IL-501, IL-941, and IL-W-3?**

If you employ only household employees and want to file and pay under the new, easier method, you will need to

- complete Form NUC-1-H, Request for Household Employer's Information; and
- get Booklet IL-700-H, Illinois Household Employer's Tax Guide.

### **How do I get the forms I need?**

If you wish to withhold income tax from your household employees' wages and pay the tax you withheld only once a year, you should complete Form NUC-1-H, Request for Household Employer's Informa-

tion. This form will allow us to properly identify you as filing and paying on an annual basis. You will find Form NUC-1-H in your 1997 IL-1040 booklet or refer to the bottom of this page for information on ordering the form.

Once we receive the NUC-1-H, we will send you Booklet IL-700-H, which contains detailed information and the necessary withholding forms and tax tables.

### **Questions?**

If you have questions or need more information, please call or write us. Our telephone numbers and address are printed at the bottom of this bulletin.



**For information or forms...**

- Call us at 1 800 732-8866 or 217 782-3336.
- Call our TDD (telecommunications device for the deaf) at 1 800 544-5304.
- Write us at Illinois Department of Revenue, P.O. Box 19044, Springfield, IL 62794-9044.
- Visit our Web site at <www.revenue.state.il.us>.
- Call "Illinois Tax Fax," our fax-on-demand service, at 217 785-3400.
- Call our 24-hour Forms Order Line at 1 800 356-6302.