

# Tax Responsibilities for Texas Household Employers

## Taxes required to withhold, file, and pay:

- Social Security
- Medicare

## Other taxes GTM Payroll Services strongly recommends withholding (but are not required):

- Federal Income Tax
- State Income Tax
- Local Taxes, if applicable

In Texas, household employers are responsible for the following four taxes, to be added on top of the employee's gross wage:

- Social Security Tax Rate of 6.2%
- Medicare Tax Rate of 1.45%
- Federal Unemployment Tax Rate of 0.6%
- State Unemployment Tax Rate of 2.7%

## 2018 Minimum Wage

In Texas, the current minimum wage is \$7.25

## Workers' Compensation

In Texas, household employers are not required to have workers' compensation insurance. However, it is strongly recommended to obtain a policy. GTM can supply you with a quote.

## Tax Breaks and Benefits

### **Dependent Care Account:**

Check if your employer allows you to contribute up to \$5,000 Pre-Tax dollars into a Dependent Care Account, which can be used to pay your childcare or eldercare costs.

### **Child & Dependent Care Tax Credit:**

You can claim a tax credit for childcare on your federal income tax return. This typically amounts to 35% of qualifying childcare expenses. Claims up to \$3,000 for one dependent or \$6,000 for two or more dependents are eligible.

## Calculation Example: Employee earns a gross salary of \$600 per week

EMPLOYEE GROSS TO NET CALCULATION	PER PAY PERIOD
<b>Weekly - 52 pay periods per year</b>	<b>Gross Pay \$600</b>
Federal Income Tax	\$74.40
Social Security	\$37.20
Medicare	\$8.70
State Income Tax	N/A
Local Income Tax	N/A
<b>Employee Take-Home Pay</b>	<b>\$479.70</b>
Employer Taxes	Per Pay Period
Federal Unemployment*	\$3.60
Social Security	\$37.20
Medicare	\$8.70
State Unemployment**	\$16.20
<b>Employer Responsibility</b>	<b>\$65.70</b>
<b>Total Employer Responsibility</b>	<b>\$665.70</b>

\* On first \$7,000 of gross wages/calendar year

\*\* On first \$9,000 of gross wages/calendar year

You can do your own online calculations using GTM's Nanny Tax and Overtime Calculators at [GTM.com/household](http://GTM.com/household)

## Expert Advice

Through our partnership with GTM Payroll Services we have arranged for you to receive a FREE payroll and tax consultation! Matt Owen will walk you through your responsibilities step-by-step. Call Matt at (800) 929-9213 ext. 7243 and mention our agency to receive a special discount.