

Tax Responsibilities for Maryland 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 Maryland, 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 2.6%

Calculation Example: Employee earns a gross salary of \$800 per week

EMPLOYEE GROSS TO NET CALCULATION	PER PAY PERIOD
Weekly - 52 pay periods per year	Gross Pay \$800
Federal Income Tax	\$83.50
Social Security	\$49.60
Medicare	\$11.60
State Income Tax	\$45.19
Local Income Tax	N/A
Employee Take-Home Pay	\$610.11
Employer Taxes	Per Pay Period
Federal Unemployment*	\$4.80
Social Security	\$49.60
Medicare	\$11.60
State Unemployment**	\$20.80
Employer Responsibility	\$86.80
Total Employer Responsibility	\$886.80

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

** On first \$8,500 of gross wages/calendar year

2019 Minimum Wage

In Maryland, the current minimum wage is \$10.10. In Prince George's County, it's \$11.50 per hour. In Montgomery County, it's \$12.

Workers' Compensation

In Maryland, household employers are required to have a workers' compensation policy for any domestic worker whose earnings are \$1000 or more in any calendar quarter from a private household. Domestic servants and their employers jointly may elect for the employee to be covered, even if the individual does not meet the earnings requirement.

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.

You can do your own online calculations using GTM's Nanny Tax and Overtime Calculators at 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.