

# Tax Responsibilities for New Jersey 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 New Jersey, 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 3.4%

## Calculation Example: Employee earns a gross salary of \$1000 per week

EMPLOYEE GROSS TO NET CALCULATION	PER PAY PERIOD
<b>Weekly - 52 pay periods per year</b>	<b>Gross Pay \$1000</b>
Federal Income Tax	\$124.28
Social Security	\$62.00
Medicare	\$14.50
State Income Tax	\$29.38
Local Income Tax	N/A
<b>Employee Take-Home Pay</b>	<b>\$769.84</b>
Employer Taxes	Per Pay Period
Federal Unemployment*	\$6.00
Social Security	\$62.00
Medicare	\$14.50
State Unemployment**	\$34.00
<b>Employer Responsibility</b>	<b>\$116.50</b>
<b>Total Employer Responsibility</b>	<b>\$1116.50</b>

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

\*\* On first \$33,700 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.

## 2019 Minimum Wage

In New Jersey, the current minimum wage is \$8.85/hour.

## Workers' Compensation

In New Jersey, household employers are required to have a workers' compensation policy for any household domestic worker.

## 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.