

Tax Responsibilities for California 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

In California, 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%

2020 Minimum Wage

In California, the current minimum wage is \$12 for employers with less than 25 employees. In Los Angeles, the current minimum wage is \$13.25.

Workers' Compensation

In California, household employers are required to have a workers' compensation policy for their employee(s).

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

EMPLOYEE GROSS TO NET CALCULATION	PER PAY PERIOD
Weekly - 52 pay periods per year	Gross Pay \$1000
Federal Income Tax	\$124.28
Social Security	\$62.00
Medicare	\$14.50
State Income Tax	\$15.80
Local Income Tax	\$10.00
Employee Take-Home Pay	\$783.42
Employer Taxes	Per Pay Period
Federal Unemployment*	\$6.00
Social Security	\$62.00
Medicare	\$14.50
State Unemployment**	\$34.00
Employer Responsibility	\$116.50
Total Employer Responsibility	\$116.50

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

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

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](https://www.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.