



# 2012 Instructions for Schedule H (Form 1040) Household Employment Taxes

## Household Employers

### Here is a list of forms you need to complete:

- Schedule H for figuring your household employment taxes.
- Form W-2 for reporting wages paid to your employees.
- Form W-3 for sending Copy A of Form W-2 to the Social Security Administration.

For more information, see *What Forms Must You File?* in Pub. 926, Household Employer's Tax Guide.

**No household employees in 2012?** If you did not have any household employees in 2012, you do not have to file Schedule H (Form 1040) for 2012.

### We have been asked:

**What do I do after I fill in Schedule H?** Enter the taxes from Schedule H on the "Household employment taxes" line of your Form 1040, 1040NR, 1040-SS, or 1041. You do this because these taxes are added to your income taxes.

**How do I file Schedule H?** File Schedule H with your Form 1040, 1040NR, 1040-SS, or 1041. If you are not filing a 2012 tax return, file Schedule H by itself.

**Do I make a separate payment?** No. You pay both income and employment taxes to the United States Treasury when you file Schedule H with your return.

**When do I pay?** Most filers must pay by April 15, 2013.

**How many copies of Form W-3 do I send to the Social Security Administration (SSA)?** Send one copy of Form W-3 with Copy A of Form(s) W-2 to the SSA, and keep one copy of Form W-3 for your records. Instructions for filing Forms W-2 and Form W-3 electronically are available at [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer).

### Important Dates!

By . . . . .	You must . . . . .
January 31, 2013	Give your employee Form W-2.
February 28, 2013 (April 1, 2013 if you file electronically)	Send Copy A of Form W-2 with Form W-3 to the Social Security Administration. Visit <a href="http://www.socialsecurity.gov/employer">www.socialsecurity.gov/employer</a> for details.
April 15, 2013	File Schedule H and pay your household employment taxes with your 2012 tax return.

Section references are to the Internal Revenue Code unless otherwise noted.

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## Future Developments

For the latest information about developments related to Schedule H (Form 1040) and its instructions, such as legislation enacted after they were published, go to [www.irs.gov/form1040](http://www.irs.gov/form1040).

## What's New

**Changes to tax rates and wage threshold.** The employee tax rate for social security is 4.2% and the employer tax rate for social security is 6.2%, unchanged from 2011. The social security wage base limit is \$110,100. The Medicare tax rate is 1.45% each for the employee and employer, unchanged from 2011. There is no wage base limit for Medicare tax. Social security and Medicare taxes apply to the wages of household workers you pay \$1,800 or more in cash or an equivalent form of compensation in 2012. For 2012, the FUTA tax rate is 6.0%.

For information about the rates and wage threshold that will apply in 2013, see Pub. 926, Household Employer's Tax Guide (released in December 2012).

**Credit reduction state.** A state that has not repaid money it borrowed from the federal government to pay unemployment benefits is a "credit reduction state." The Department of Labor determines these states. If an employer pays wages that are subject to the unemployment tax laws of a credit reduction state, that employer must pay additional federal unemployment tax.

For 2012, there are credit reduction states. If you paid wages that were subject to the unemployment compensation laws of a credit reduction state, you are not allowed the credit reduction rate (i.e., .003, .006, .009 or .015) of the regular .054 credit for that credit reduction state.

## Reminders

**Advanced payment of earned income credit (EIC).** The option of receiving advance payroll payments of EIC expired on December 31, 2010. Individuals eligible for EIC in 2012 can still claim the credit when they file their federal income tax return.

**Paid preparers are required to sign Schedule H.** Your paid preparer must sign Schedule H in Part IV **unless** you are attaching Schedule H to Form 1040, 1040NR, 1040-SS, or Form 1041. A paid preparer must sign Schedule H and provide the information requested in the *Paid Preparer Use Only* section only if the preparer was paid to prepare Schedule H and is not

your employee. The preparer must give you a copy of the return in addition to the copy to be filed with the IRS.

If you are required to file a 2012 Form W-2, Wage and Tax Statement, for any household employee, you must also send Form W-3, Transmittal of Wage and Tax Statement, with Copy A of Form(s) W-2 to the SSA. You are encouraged to file your Forms W-2 and W-3 electronically. Visit the SSA's Employer W-2 Filing Instructions & Information website at [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer) to learn about electronic filing.

## Who Needs To File Schedule H?

You must file Schedule H if you answer "Yes" to any of the questions on lines A, B, or C of Schedule H.

**Did you have a household employee?** If you hired someone to do household work and you were able to control what work he or she did and how he or she did it, you had a household employee. This is true even if you gave the employee freedom of action. What matters is that you had the right to control the details of how the work was done.

**Example.** You paid Betty Oak to babysit your child and do light housework 4 days a week in your home. Betty followed your specific instructions about household and child care duties. You provided the household equipment and supplies Betty needed to do her work. Betty is your household employee.

Household work is work done in or around your home. Some examples of workers who do household work are:

Babysitters	Drivers	Nannies
Caretakers	Health aides	Private nurses
Cleaning people	Housekeepers	Yard workers

If a worker is your employee, it does not matter whether the work is full or part-time or that you hired the worker through an agency or from a list provided by an agency or association. Also, it does not matter if the wages paid are for work done hourly, daily, weekly, or by the job.

If you are a home care service recipient receiving home care services through a program administered by a federal, State, or local government agency, you can designate an agent under section 3504 to report, file, and pay all federal employment taxes, including FUTA taxes, on your behalf.

**Note.** If a government agency or third party agent reports and pays the employment taxes on wages paid to your household employee under its own employer identification number (EIN), you do not need to file Schedule H to report those taxes.

**Workers who are not your employees.** Workers you get from an agency are not your employees if the agency is responsible for who does the work and how it is done. Self-employed workers are also not your employees. A worker is self-employed if only he or she can control how the work is done. A self-employed worker usually provides his or her own tools and offers services to the general public in an independent business.

**Example.** You made an agreement with Paul Brown to care for your lawn. Paul runs a lawn care business and offers his services to the general public. He hires his own helpers, in-

structs them how to do their jobs, and provides his own tools and supplies. Neither Paul nor his helpers are your employees.

For more information, see Pub. 926.

## Who Needs To File Form W-2 and Form W-3?

You must file Form W-2 for each household employee to whom you paid \$1,800 or more of cash wages in 2012 that are subject to social security and Medicare taxes. To find out if the wages are subject to these taxes, see the instructions for Schedule H, lines 1 and 3. Even if the wages are not subject to these taxes, if you withheld federal income tax from the wages of any household employee, you must file Form W-2 for that employee.

If you file one or more Forms W-2, you must also file Form W-3.

## Do You Have an Employer Identification Number (EIN)?

If you have household employees, you will need an EIN to file Schedule H. If you do not have an EIN, see Form SS-4, Application for Employer Identification Number. Do not use a social security number in place of an EIN. The Instructions for Form SS-4 explain how you can get an EIN immediately over the internet or by telephone, in 4 business days by fax, or in about 4 weeks if you apply by mail. See *How To Get Forms and Publications* for details on how to get forms and publications including Form SS-4. To get an EIN over the internet, visit IRS.gov and click on the *Apply for an EIN Online* link under *Tools*.

## Can Your Employee Legally Work in the United States?

It is unlawful to employ a person who cannot legally work in the United States. When you hire a household employee to work for you on a regular basis, you and the employee must each complete part of the U.S. Citizenship and Immigration Services (USCIS) Form I-9, Employment Eligibility Verification. You must verify that the employee is either a U.S. citizen or a person who can legally work in the United States and you must keep Form I-9 for your records. You can get the form and the USCIS Handbook for Employers by calling 1-800-870-3676, or by visiting the USCIS website at [www.uscis.gov](http://www.uscis.gov).

## What About State Employment Taxes?

If you employed a household employee in 2012, you probably have to pay contributions to your state unemployment fund for 2012. To find out if you do, contact your state unemployment tax agency. For a list of state unemployment tax agencies, visit the U.S. Department of Labor's website at [www.workforcesecurity.doleta.gov/unemploy/agencies.asp](http://www.workforcesecurity.doleta.gov/unemploy/agencies.asp). You should also find out if you need to pay or collect other state employment taxes or carry workers' compensation insurance.

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# When and Where To File

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## Schedule H

If you file Form 1040, 1040NR, 1040-SS, or 1041 for 2012, remember to attach Schedule H to it. Mail your return, by April 15, 2013, to the address shown in your tax return instructions.

**Exceptions.** If you get an extension of time to file your return, file it with Schedule H by the extended due date. If you are a fiscal year filer, file your return and Schedule H by the due date of your fiscal year return, including extensions.

**Note.** If you are a calendar year taxpayer and have no household employees for 2012, you do not have to file Schedule H for 2012.

If you are not required to file a 2012 tax return (for example, because your income is below the amount that requires you to file), you must file Schedule H by itself by April 15, 2013. Complete Schedule H and put it in an envelope with your check or money order. Do not send cash. See the list of filing addresses in these instructions. Mail your completed Schedule H and payment to the address listed for the place where you live. Make your check or money order payable to the "United States Treasury" for the total household employment taxes due. Enter your name, address, social security number, daytime phone number, and "2012 Schedule H" on your check or money order. Household employers that are tax-exempt, such as churches, may also file Schedule H by itself.

## Form W-2 and Form W-3

By January 31, 2013, you must give Copies B, C, and 2 of Form W-2 to each employee. You will meet this requirement if the form is properly addressed, mailed, and postmarked no later than January 31, 2013.

By February 28, 2013 (April 1, 2013, if you file Forms W-2 and W-3 electronically), send Copy A of all Forms W-2 with Form W-3 to the Social Security Administration (SSA). Mail Copy A of all Forms W-2 with Form W-3 to:

Social Security Administration  
Data Operations Center  
Wilkes-Barre, PA 18769-0001

For certified mail, the ZIP code is 18769-0002. If you use a carrier other than the U.S. Postal Service, add "ATTN: W-2 Process, 1150 E. Mountain Dr." to the address and change the ZIP code to "18702-7997."



*If you file Forms W-2 and W-3 electronically, do not mail the paper Forms W-2 and W-3 to the Social Security Administration.*

For additional information, visit the website for Social Security at [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer).

**Note.** Check with your state, city, or local tax department to find out if you must file Copy 1 of Form W-2.

**Penalties.** You may have to pay a penalty if you do not give Forms W-2 to your employees or file Copy A of the forms with the SSA by the due dates. You may also have to pay a penalty if you do not show your employee's social security number on Form W-2 or do not provide correct information on the form.

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## How To Fill In Schedule H, Form W-2, and Form W-3

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### Schedule H



*If you were notified that your household employee received payments from a state disability plan, see State Disability Payments, later.*

**Social security number.** Enter your social security number. (Form 1041 filers, do not enter a number in this space. But be sure to enter your EIN in the space provided.)

**Employer identification number (EIN).** An EIN is a nine-digit number assigned by the IRS. The digits are arranged as follows: 00-0000000. Enter your EIN in the space provided. If you do not have an EIN, see *Do You Have an Employer Identification Number (EIN)*, earlier. If you applied for an EIN but have not received it, enter "Applied For" and the date you applied. Do not use your social security number as an EIN.

**Line A.** To figure the total cash wages you paid in 2012 to each household employee, do not include amounts paid to any of the following individuals.

- Your spouse.
- Your child who was under age 21.
- Your parent. (See *Exception for parents* below.)
- Your employee who was under age 18 at any time during 2012. If the employee was not a student, see *Exception for employees under age 18* below.

**Exception for parents.** Include the cash wages you paid your parent for work in or around your home if both 1 and 2 below apply.

1. Your child who lived with you was under age 18 or had a physical or mental condition that required the personal care of an adult for at least 4 continuous weeks during the calendar quarter in which services were performed. A calendar quarter is January through March, April through June, July through September, or October through December.

2. You were divorced and not remarried, a widow or widower, or married to and living with a person whose physical or mental condition prevented him or her from caring for the child during that 4-week period.

**Exception for employees under age 18.** Include the cash wages you paid to a person who was under age 18 and not a student if providing household services was his or her principal occupation.

**Cash wages.** Cash wages include wages paid by check, money order, etc. Cash wages do not include the value of food, lodging, clothing or other noncash items you give a household employee.

**Transportation (commuting) benefits.** For 2012, you can generally give your employee transportation benefits such as \$125 per month for combined commuter highway vehicle transportation and transit passes; \$240 per month for qualified parking; and for a calendar year, \$20 multiplied by the number of qualified bicycle commuting months during that year for qualified bicycle commuting reimbursement of expenses incurred during the year, without the benefits counting as cash. However, the value of benefits over the specified amounts a month is included as wages. See *Transportation (Commuting) Benefits* in Pub. 15-B, Employer's Tax Guide to Fringe Benefits, for more information.

### Part I. Social Security, Medicare, and Federal Income Taxes

Social security and Medicare taxes fund retirement, survivor, disability, and health benefits for workers and their families. You and your employees generally pay these taxes in equal amounts.

For 2012, the social security tax rate is 6.2% for you and 4.2% for your employee. The Medicare tax rate is 1.45% each. The limit on wages subject to social security tax is \$110,100. There is no limit on wages subject to the Medicare tax. If you did not deduct the employee's share from his or her wages, you must pay the employee's share and your share (a total of 10.4% for social security and 2.9% for Medicare tax) of tax. See *Form W-2 and Form W-3* in these instructions for more information.

**\$1,800 test.** If you pay a household employee \$1,800 or more in cash wages during 2012, you must report and pay social security and Medicare taxes on all the wages. The test applies to cash wages paid in 2012 regardless of when the wages were earned. See Pub. 926 for more information. Or, visit the SSA's website at [www.socialsecurity.gov/pubs/10021.html](http://www.socialsecurity.gov/pubs/10021.html).

**Line 1.** Enter on line 1 the total of cash wages (see *Cash wages* above) paid in 2012 to each household employee who meets the \$1,800 test, explained above.



*If you paid any household employee cash wages of more than \$110,100 in 2012, include on line 1 only the first \$110,100 of that employee's cash wages.*

**Line 2.** Multiply the amount on line 1 by 10.4% (.104) and enter the result on line 2.

**Line 3.** Enter on line 3 the total of cash wages (see *Cash wages* earlier) paid in 2012 to each employee who meets the \$1,800 test. There is no limit on wages subject to the Medicare tax.

**Line 4.** Multiply the amount on line 3 by 2.9% (.029) and enter the result on line 4.

**Line 5.** Enter on line 5 any federal income tax you withheld from the wages you paid to your household employees in 2012. See Pub. 15 (Circular E), Employer's Tax Guide, for information on withholding federal income taxes.

**Line 6.** Add lines 2, 4, and 5 and enter the result on line 6.

**Line 7.** Review the cash wages you paid to all your household employees for each calendar quarter of 2011 and 2012. Is the total for any quarter in 2011 or 2012 \$1,000 or more?



**Yes.** Complete Schedule H, Part II.

**No.** Follow the instructions in the chart below.

If you file Form . . .	Then enter the amount from Schedule H, line 6, on . . .
1040	line 59a
1040NR	line 58a
1040-SS	Part I, line 4
1041	Schedule G, line 6

If you do not file any of the above forms, complete Schedule H, Part IV and follow the instructions under *When and Where To File*.

## Part II. Federal Unemployment (FUTA) Tax

FUTA tax, with state unemployment systems, provides for payments of unemployment compensation to workers who have lost their jobs. Most employers pay both a federal and state unemployment tax.

The FUTA tax rate is 6.0% (.060). But see *Credit for contributions paid to state* below. Do not deduct the FUTA tax from your employee's wages. You must pay it from your own funds.

**Credit for contributions paid to state.** You may be able to take a credit of up to 5.4% against the FUTA tax, resulting in a net FUTA tax rate of 0.6% (.006). But to do so, you must pay all the required contributions for 2012 to your state unemployment fund by April 15, 2013. Fiscal year filers must pay all required contributions for 2012 by the due date of their federal income tax returns (not including extensions).

Contributions are payments that a state requires you, as an employer, to make to its unemployment fund for the payment of unemployment benefits. However, contributions do not include:

- Any payments deducted or deductible from your employees' pay;
- Penalties, interest, or special administrative taxes not included in the contributions rate the state gave you; or
- Voluntary contributions you paid to get a lower experience rate. See the instructions for line 15 for more information.

If you paid contributions to any credit reduction state, see the instructions for line 21.

**Lines 8 through 10.** Answer the questions on lines 8 through 10 to see if you should complete Section A or Section B of Part II.

**Fiscal year filers.** If you paid all state unemployment contributions for 2012 by the due date of your return (not including extensions), check the "Yes" box on line 9. Check the "No" box if you did not pay all of your state contributions by the due date of your return.

**Line 11.** Enter the two-letter abbreviation of the name of the state (or the District of Columbia, Puerto Rico, or the U.S. Virgin Islands) to which you paid unemployment contributions.

**Line 12.** Enter the total of *contributions* (defined earlier) you paid to your state unemployment fund for 2012. If you did not have to make contributions because your state gave you a zero percent experience rate, enter "0% rate" on line 12.

**Line 13.** Enter the total of cash wages (see *Cash wages*, earlier) you paid in 2012 to each household employee, including employees paid less than \$1,000. However, do not include cash wages paid in 2012 to any of the following individuals.

- Your spouse.
- Your child who was under age 21.
- Your parent.

If you paid any household employee more than \$7,000 in 2012, include on line 13 only the first \$7,000 of that employee's cash wages.

**Credit for 2012.** The credit you can take for any state unemployment fund contributions for 2012 that you pay after April 15, 2013, is limited to 90% of the credit that would have been allowable if the contributions were paid on or before April 15, 2013.



You must complete Worksheet A in Pub. 926 to figure the credit for late contributions if you paid any state contributions after the due date for filing Form 1040.

**Line 14.** Multiply the wages on line 13 by .6% (.006). Enter the result on line 14.



Complete lines 15 through 22 **only** if you checked a "No" box on lines 8, 9, or 10.

**Line 15.** Complete all columns that apply. If you do not, you will not get a credit. If you need more space, attach a statement using the same format as line 15. Your state will provide the experience rate. If you do not know your rate, contact your state unemployment tax agency.

You must complete columns (a), (b), and (h), even if you were not given an experience rate. If you were given an experience rate of 5.4% or higher, you must also complete columns (c) and (d). If you were given a rate of less than 5.4%, you must complete all columns.

If you were given a rate for only part of the year, or the rate changed during the year, you must complete a separate line for each rate period.

**Column (b).** Enter the taxable wages on which you must pay taxes to the unemployment fund of the state shown in column (a). If your experience rate is zero percent, enter the amount of wages you would have had to pay taxes on if that rate had not been granted.

**Column (h).** Enter the total of *contributions* (defined earlier) you paid to the state unemployment fund for 2012 by April 15, 2013. Fiscal year filers, enter the total contributions you paid to the state unemployment fund for 2012 by the due date of your return (not including extensions). If you are claiming excess credits as payments of state unemployment contributions, attach a copy of the letter from your state.

**Line 16.** Add the amounts in columns (g) and (h) separately and enter the totals in the spaces provided.

**Line 17.** Add the amounts shown on line 16 and enter the total on line 17.

**Line 18.** Enter the total cash wages subject to FUTA tax. See the line 13 instructions for details.

**Line 19.** Multiply the wages on line 18 by 6.0% (.060). Enter the result on line 19.

**Line 20.** Multiply the wages on line 18 by 5.4% (.054). Enter the result on line 20.

**Line 21.** Complete the *Worksheet for Household Employers in a Credit Reduction State—Line 21* in these instructions **only** if you are a household employer in any of the credit reduction states. A state is a credit reduction state if the amount in the “Reduction Rate” column for the state in the worksheet is greater than zero.

### State Names and Postal Abbreviations

State	Postal Abbreviation	State	Postal Abbreviation
Alabama	AL	Nebraska	NE
Alaska	AK	Nevada	NV
Arizona	AZ	New Hampshire	NH
Arkansas	AR	New Jersey	NJ
California	CA	New Mexico	NM
Colorado	CO	New York	NY
Connecticut	CT	North Carolina	NC
Delaware	DE	North Dakota	ND
District of Columbia	DC	Ohio	OH
Florida	FL	Oklahoma	OK
Georgia	GA	Oregon	OR
Hawaii	HI	Pennsylvania	PA
Idaho	ID	Rhode Island	RI
Illinois	IL	South Carolina	SC
Indiana	IN	South Dakota	SD
Iowa	IA	Tennessee	TN
Kansas	KS	Texas	TX
Kentucky	KY	Utah	UT
Louisiana	LA	Vermont	VT
Maine	ME	Virginia	VA
Maryland	MD	Washington	WA
Massachusetts	MA	West Virginia	WV
Michigan	MI	Wisconsin	WI
Minnesota	MN	Wyoming	WY
Mississippi	MS	Puerto Rico	PR
Missouri	MO	U.S. Virgin Islands	VI
Montana	MT		

**Worksheet for Household Employers in a Credit Reduction State—Line 21**

Keep for Your Records



1. Enter the <b>smaller</b> of the amount from Schedule H, line 17 or line 20 . . . . .	1	
2. Enter the total taxable FUTA wages from Schedule H, line 18 . . . . .	2	

3. Place an “X” in the box of **EVERY** state in which you were required to pay state unemployment tax this year. If all of the states you check have a credit reduction rate of zero, do not enter an amount on line 21. For states with a credit reduction rate greater than zero, enter the FUTA taxable wages, multiply by the reduction rate, and then enter the credit reduction amount for that state. If any states do not apply to you, leave them blank.

Postal Abbreviation	FUTA Taxable Wages	Reduction Rate	Credit Reduction	Postal Abbreviation	FUTA Taxable Wages	Reduction Rate	Credit Reduction
AK		x .000		NC		x .006	
AL		x .000		ND		x .000	
AR		x .006		NE		x .000	
AZ		x .003		NH		x .000	
CA		x .006		NJ		x .006	
CO		x .000		NM		x .000	
CT		x .006		NV		x .006	
DC		x .000		NY		x .006	
DE		x .003		OH		x .006	
FL		x .006		OK		x .000	
GA		x .006		OR		x .000	
HI		x .000		PA		x .000	
IA		x .000		RI		x .006	
ID		x .000		SC		x .000	
IL		x .000		SD		x .000	
IN		x .009		TN		x .000	
KS		x .000		TX		x .000	
KY		x .006		UT		x .000	
LA		x .000		VA		x .000	
MA		x .000		VT		x .003	
MD		x .000		WA		x .000	
ME		x .000		WI		x .006	
MI		x .000		WV		x .000	
MN		x .000		WY		x .000	
MO		x .006		PR		x .000	
MS		x .000		VI		x .015	
MT		x .000					

4. <b>Total Credit Reduction.</b> Add all amounts shown in the <i>Credit Reduction</i> boxes. Enter the total here. . . . .	4	
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5. Subtract line 4 of this worksheet from line 1 of this worksheet and enter the result here <b>and</b> on Schedule H, line 21.	5	
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## Part III. Total Household Employment Taxes

**Line 23.** Enter the amount from line 6. If there is no entry on line 6, enter -0-.

**Line 24.** Add the amounts on lines 14 and 23. If you were required to complete *Section B* of Part II, add the amounts on lines 22 and 23 and enter the total on line 24.

**Line 25.** Follow the instructions in the chart below.

If you file Form. . .	Then do not complete Part IV but enter the amount from Schedule H, line 24, on . . .
1040	line 59a
1040NR	line 58a
1040-SS	Part I, line 4
1041	Schedule G, line 6

If you do not file any of the above forms, complete Schedule H, Part IV and follow the instructions under *When and Where To File*.

## Paid Preparers

**Paid preparer use only.** You must complete this part if you were paid to prepare Schedule H, and are not an employee of the filing entity, and are not attaching Schedule H to Form 1040, 1040NR, 1040-SS, or Form 1041. You **must** sign in the space provided and give the filer a copy of the return in addition to the copy to be filed with the IRS.

## Form W-2 and Form W-3

If you file one or more Forms W-2, you must also file Form W-3.

You must report both cash and noncash wages in box 1, as well as tips and other compensation. The completed Forms W-2 and W-3 in the example (in these instructions) show how the entries are made. For detailed information on preparing these forms, see the General Instructions for Forms W-2 and W-3.

**Employee's portion of taxes paid by employer.** If you paid all of your employee's share of social security and Medicare taxes, without deducting them from the employee, the employee's income is increased by the amount of that tax for income tax withholding purposes. Follow steps 1 through 3, below. (See the example in these instructions.)

1. Enter the amounts you paid on your employee's behalf in boxes 4 and 6 (do not include your share of these taxes).
2. Add the amounts in boxes 3, 4, and 6. (However, if box 5 is greater than box 3, then add the amounts in boxes 4, 5, and 6.)
3. Enter the total in box 1.



*On Form W-3, put an "X" in the "Hshld. emp." box located in box b, Kind of Payer.*

For information on filing Forms W-2 and W-3 electronically, visit the SSA's Employer W-2 Filing Instructions & Information website at [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer).

## You Should Also Know

### Estimated Tax Penalty

You may need to increase the federal income tax withheld from your pay, pension, annuity, etc., or make estimated tax payments to avoid an estimated tax penalty based on your household employment taxes shown on Schedule H, line 24. You may increase your federal income tax withheld by filing a new Form W-4, Employee's Withholding Allowance Certificate, or Form W-4P, Withholding Certificate for Pension or Annuity Payments. Make estimated tax payments by filing Form 1040-ES, Estimated Tax for Individuals. For more information, see Pub. 505, Tax Withholding and Estimated Tax.



*Estimated tax payments must be made as the tax liability is incurred: by April 15, June 15, September 17, and the following January 15. If you file your Form 1040 by January 31 and pay the rest of the tax that you owe with the form, you do not need to make the payment due on January 15.*

**Exception.** You will not be penalized for failure to make estimated tax payments if both 1 and 2 below apply for the year.

1. You will not have federal income tax withheld from wages, pensions, or any other payments you receive.
2. Your income taxes, excluding your household employment taxes, would not be enough to require payment of estimated taxes.

### What Records To Keep

You must keep copies of Schedule H and related Forms W-2, W-3, and W-4 for at least 4 years after the due date for filing Schedule H or the date the taxes were paid, whichever is later. If you have to file Form W-2, also keep a record of each employee's name and social security number. Each payday, you should record and keep the dates and amounts of:

- Cash and noncash wage payments,
- Any employee social security tax withheld,
- Any employee Medicare tax withheld, and
- Any federal income tax withheld.

### What Is the Earned Income Credit (EIC)?

The EIC is a refundable tax credit for certain workers.

**Which employees must I notify about the EIC?** You must notify your household employee about the EIC if you agreed to withhold federal income tax from the employee's wages but did not do so because the income tax withholding tables showed that no tax should be withheld.

**Note.** You are encouraged to notify each employee whose wages for 2012 were less than \$45,060 (\$50,270 if married filing jointly) that he or she may be eligible for the EIC.

**How and when must I notify my employees?** You must give the employee one of the following items.

- The official IRS Form W-2, which has the required information about the EIC on the back of Copy B.



- A substitute Form W-2 with the same EIC information on the back of the employee's copy that is on Copy B of the official IRS Form W-2.

- Notice 797, Possible Federal Tax Refund Due to the Earned Income Credit (EIC).

- Your written statement with the same wording as Notice 797.

If you are not required to give the employee a Form W-2, you must provide the notification by February 7, 2013.

If the notification is not given on Form W-2 in a timely manner, you must hand the notice directly to the employee or send it by First-Class Mail to the employee's last known address.

**How do my employees claim the EIC?** Eligible employees claim the EIC on their 2012 tax returns.

## Rules for Business Employers

Do not use Schedule H if you chose to report employment taxes for your household employees along with your other employees on Form 941, Employer's QUARTERLY Federal Tax Return; Form 943, Employer's Annual Federal Tax Return for Agricultural Employees; or Form 944, Employer's ANNUAL Federal Tax Return. If you report this way, be sure to include your household employees' wages on your Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return.

## State Disability Payments

Certain state disability plan payments to household employees are treated as wages subject to social security and Medicare taxes. If your employee received payments from a plan that withheld the employee's share of social security and Medicare taxes, include the payments on lines 1 and 3 of Schedule H and complete the rest of Part I through line 5. Add lines 2, 4, and 5. From that total, subtract the amount of these taxes withheld by the state. Enter the result on line 6. Also, enter "disability" and the amount subtracted on the dotted line next to line 6. See the notice issued by the state for more details.

## How To Correct Schedule H

If you discover an error on a Schedule H that you previously filed with Form 1040, Form 1040NR, or Form 1040-SS, file Form 1040X and attach a corrected Schedule H. If you discover an error on a Schedule H that you previously filed with Form 1041, file an "Amended" Form 1041 and attach a corrected Schedule H.

If you discover an error on a Schedule H that you filed as a stand-alone return, file another stand-alone Schedule H with the corrected information. In the top margin of your corrected Schedule H write (in red ink if possible) "CORRECTED" followed by the date you discovered the error.

If you owe tax, pay in full with your Form 1040X, Form 1041, or stand-alone Schedule H. If you overpaid tax on a previously filed Schedule H, then depending on whether you adjust or claim a refund, you must certify that you repaid or reimbursed the employee's share of social security and Medicare taxes, or that you have obtained consents from your employees to file a claim for refund for the employee tax. See Pub. 926 for complete instructions.

## How To Get Forms and Publications

To get the IRS forms and publications mentioned in these instructions (including Notice 797), visit [www.irs.gov/formspubs](http://www.irs.gov/formspubs) or call 1-800-TAX-FORM (1-800-829-3676).

## Completed Examples of Schedule H, Form W-2, and Form W-3

On February 12, 2012, Susan Green hired Helen Maple to clean her house every Wednesday. Susan did not have a household employee in 2011 and had no household employees other than Helen during 2012.

Susan paid Helen \$50 every Wednesday for her day's work. Susan decided not to withhold Helen's share of the social security and Medicare taxes from the wages she paid Helen. Instead, she will pay Helen's share of these taxes from her own funds. Susan did not withhold federal income tax because Helen did not give her a Form W-4 to request withholding and no withholding is otherwise required.

Helen was employed by Susan for the rest of the year (a total of 46 weeks). The following is some of the information Susan will need to complete Schedule H, Form W-2, and Form W-3.

Helen's total cash wages . . . . .	\$2,300.00	
	( $\$50 \times 46$ weeks)	
Helen's share of the:		
Social security tax . . . . .	\$96.60	
	( $\$2,300 \times 4.2\%$ (.042))	
Medicare tax . . . . .	\$33.35	
	( $\$2,300 \times 1.45\%$ (.0145))	
Helen's total cash wages each quarter:		
1st quarter . . . . .	\$350.00	( $\$50 \times 7$ weeks)
2nd quarter . . . . .	\$650.00	( $\$50 \times 13$ weeks)
3rd quarter . . . . .	\$650.00	( $\$50 \times 13$ weeks)
4th quarter . . . . .	\$650.00	( $\$50 \times 13$ weeks)
Amount included in box 1 of Form W-2 and Form W-3:		
Cash wages . . . . .		\$2,300.00
Helen's share of social security tax paid by Susan . . . . .		96.60
Helen's share of Medicare tax paid by Susan . . . . .		33.35
Total . . . . .		<u>\$2,429.95</u>

Because Susan paid less than \$1,000 per quarter to household employees during 2011 (no employees) and 2012 (see above), she is not liable for FUTA tax.



*See Pub. 926 for an example showing how to complete Forms W-2 and W-3 if the employer withheld social security and Medicare taxes from the employee's wages.*

**SCHEDULE H  
(Form 1040)**

Department of the Treasury  
Internal Revenue Service (99)

**Household Employment Taxes**

(For Social Security, Medicare, Withheld Income, and Federal Unemployment (FUTA) Taxes)

▶ **Attach to Form 1040, 1040NR, 1040-SS, or 1041.**  
▶ **See separate instructions.**

OMB No. 1545-1971

**2012**

Attachment  
Sequence No. **44**

Name of employer

Susan Green

**Social security number**

000-11-1111

**Employer identification number**

0 0 1 2 3 4 5 6 7

**A** Did you pay **any one** household employee cash wages of \$1,800 or more in 2012? (If any household employee was your spouse, your child under age 21, your parent, or anyone under age 18, see the line A instructions before you answer this question.)

**Yes.** Skip lines B and C and go to line 1.

**No.** Go to line B.



**Part I Social Security, Medicare, and Federal Income Taxes**

<b>1</b> Total cash wages subject to social security taxes . . . . .	<b>1</b>	2,300	00		
<b>2</b> Social security taxes. Multiply line 1 by 10.4% (.104) . . . . .				<b>2</b>	239 20
<b>3</b> Total cash wages subject to Medicare taxes . . . . .	<b>3</b>	2,300	00		
<b>4</b> Medicare taxes. Multiply line 3 by 2.9% (.029) . . . . .				<b>4</b>	66 70
<b>5</b> Federal income tax withheld, if any . . . . .				<b>5</b>	
<b>6 Total social security, Medicare, and federal income taxes.</b> Add lines 2, 4, and 5 . . . . .	<b>6</b>				305 90

**7** Did you pay **total** cash wages of \$1,000 or more in **any** calendar **quarter** of 2011 or 2012 to **all** household employees? (Do not count cash wages paid in 2011 or 2012 to your spouse, your child under age 21, or your parent.)

**No. Stop.** Include the amount from line 6 above on Form 1040, line 59a. If you are not required to file Form 1040, see the line 7 instructions.



**Note:** Although not shown, Susan also enters on Form W-2 the required state or local income tax information in boxes 15 through 20.

Visit the SSA website at [www.socialsecurity.gov/employer](http://www.socialsecurity.gov/employer) to file Copy A of Form W-2 electronically.

22222		Void <input type="checkbox"/>	a Employee's social security number 000-00-4567		For Official Use Only ▶ OMB No. 1545-0008			
b Employer identification number (EIN) 00-1234567			1 Wages, tips, other compensation 2429.95		2 Federal income tax withheld			
c Employer's name, address, and ZIP code  Susan Green 16 Gray Street Anyplace, CA 92665			3 Social security wages 2300.00		4 Social security tax withheld 96.60			
			5 Medicare wages and tips 2300.00		6 Medicare tax withheld 33.35			
			7 Social security tips		8 Allocated tips			
d Control number			9		10 Dependent care benefits			
e Employee's first name and initial Helen R.		Last name Maple		Suff.		11 Nonqualified plans		
19 Pine Avenue Anycity, CA 92666			13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12a See instructions for box 12		12b	
			14 Other		12c		12d	
f Employee's address and ZIP code			15 State Employer's state ID number		16 State wages, tips, etc.		17 State income tax	
			18 Local wages, tips, etc.		19 Local income tax		20 Locality name	

Form **W-2 Wage and Tax Statement** **2012** Department of the Treasury—Internal Revenue Service  
**Copy A For Social Security Administration** — Send this entire page with Form W-3 to the Social Security Administration; photocopies are **not** acceptable. **For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.**  
 Cat. No. 10134D

33333		a Control number		For Official Use Only ▶ OMB No. 1545-0008	
b Kind of Payer (Check one)		941 <input type="checkbox"/> Military 943 <input type="checkbox"/> 944 <input type="checkbox"/>		Kind of Employer (Check one)	
CT-1 <input type="checkbox"/>		Hshld. emp. <input checked="" type="checkbox"/> Medicare govt. emp. <input type="checkbox"/>		None apply <input type="checkbox"/> 501c non-govt. <input type="checkbox"/>	
				State/local non-501c <input type="checkbox"/> State/local 501c <input type="checkbox"/> Federal govt. <input type="checkbox"/>	
c Total number of Forms W-2		d Establishment number		1 Wages, tips, other compensation 2429.95	
e Employer identification number (EIN) 00-1234567				2 Federal income tax withheld	
f Employer's name Susan Green				3 Social security wages 2300.00	
16 Gray Street Anyplace, CA 92665				4 Social security tax withheld 96.60	
				5 Medicare wages and tips 2300.00	
g Employer's address and ZIP code				6 Medicare tax withheld 33.35	
h Other EIN used this year				7 Social security tips	
				8 Allocated tips	
				9	
				10 Dependent care benefits	
				11 Nonqualified plans	
				12a Deferred compensation	
				12b	
15 State Employer's state ID number				13 For third-party sick pay use only	
16 State wages, tips, etc.		17 State income tax		14 Income tax withheld by payer of third-party sick pay	
Contact person		Telephone number (123) 456-7890		18 Local wages, tips, etc.	
Email address		Fax number		19 Local income tax	

Under penalties of perjury, I declare that I have examined this return and accompanying documents and, to the best of my knowledge and belief, they are true, correct, and complete.

Signature ▶ Title ▶ Date ▶ 1/29/13

Form **W-3 Transmittal of Wage and Tax Statements** **2012** Department of the Treasury  
Internal Revenue Service

**Note: When you fill in Forms W-2 and W-3, please—**

- Type entries using black ink.
- Enter all money amounts without the dollar sign and comma, but with the decimal point (for example, 2475.95 **not** \$2,475.95).

• Do not round money amounts—show the cents portion.

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## Privacy Act and Paperwork Reduction Act Notice

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We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax. If you do not provide the information we ask for, or provide false or fraudulent information, you may be subject to penalties.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law.

Subtitle C, Employment Taxes, of the Internal Revenue Code imposes employment taxes on wages, including income tax withholding. This form is used to determine the amount of the taxes that you owe. Section 6011 requires you to provide the requested information if the tax is applicable to you. Section 6109 requires you to provide your identification number.

Generally, tax returns and return information are confidential, as required by section 6103. However, section 6103 allows or requires the IRS to disclose or give the information shown on your tax return to others as described in the Code. For example, we may disclose your tax information to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and possessions to administer their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is approved under OMB control number 1545-0074 and is included in the estimates shown in the instructions for their individual income tax return.

The estimated burden for all other taxpayers who file this form is shown below.

**Recordkeeping**, 1 hr., 38 min.;

**Learning about the law or the form**, 39 min.;

**Preparing the form**, 1 hr.;

**Copying, assembling, and sending the form to the IRS**, 34 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. Email us at [taxforms@irs.gov](mailto:taxforms@irs.gov) and enter "Schedule H (Form 1040)" on the subject line or write to: Internal Revenue Service, Tax Products Coordinating Committee, SE:W:CAR:MP:T:M:S, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send Schedule H (Form 1040) to this address. Instead, see *When and Where To File*, earlier.

## Do You Have To File Form 1040, 1040NR, 1040-SS, or Form 1041?

**Yes** — Attach Schedule H to that form and mail to the address in your tax return instructions.

**No** — Mail your completed Schedule H and payment to the Department of the Treasury, Internal Revenue Service, for the place where you live. No street address is needed. See *When and Where To File* for the information to enter on your payment.

IF you live in...	THEN use this address...
Florida, Louisiana, Mississippi, Texas	Austin, TX 73301-0002
Alaska, Arizona, California, Colorado, Hawaii, Idaho, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming	Fresno, CA 93888-0002
Arkansas, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Montana, Nebraska, North Dakota, Ohio, Oklahoma, South Dakota, Wisconsin	Fresno CA 93888-0002
Alabama, Georgia, Kentucky, North Carolina, South Carolina, Tennessee, Missouri, New Jersey, Virginia	Kansas City, MO 64999-0002
Connecticut, Delaware, District of Columbia, Maine, Maryland, Massachusetts, New Hampshire, New York, Pennsylvania, Rhode Island, Vermont, West Virginia	Kansas City, MO 64999-0002
APO, FPO, American Samoa, the Commonwealth of the Northern Mariana Islands, nonpermanent residents of Guam or the U.S. Virgin Islands*, Puerto Rico, dual-status aliens, a foreign country	Austin, TX 73301-0215
* Permanent residents of Guam should use: Department of Revenue and Taxation, Government of Guam, P.O. Box 23607, GMF, GU 96921; permanent residents of the U.S. Virgin Islands should use: V.I. Bureau of Internal Revenue, 6115 Estate Smith Bay, Suite 225, Thomas, VI 00802.	