

Fiscal/Employer Agent
Household Employee Tax Exemption Information

Employees providing domestic or household services, like those employees hired directly by participants or their representatives in programs using a Fiscal/Employer Agent, may be exempt from paying certain federal and state taxes that are normally paid by employers and employees. Employers and employees may be exempt from certain federal and state taxes based on the employee's student status, age, or family relationship with the employer. These exemptions are not optional. If employees and employers qualify for these exemptions, the exemptions must be honored. If an employee's wages are exempt, he may not be eligible for Unemployment benefits and his future FICA benefits may be affected.

The questions below are intended to be asked of a participant's employee to determine tax exemption status

– **PLEASE CHECK YOUR ANSWER**

Tax Exemptions for a Child Employed by his/her own Parent

Are you the child of the employer?

Yes
No

I am an employee in the participant directed program and my employer is my parent and I am under the age of 21? Must answer yes to both to be exempt from FICA and FUTA tax. Date of birth ____/____/____.

My employer is not my parent.

If the answer is yes and the child employee is under 21 during the entire tax year, then the employer and employee are both exempt from paying FICA (Social Security and Medicare) and the employer is exempt from paying FUTA (Federal Unemployment Tax) on wages paid to this employee. When the employee reaches age 21, the payments are subject to both FICA and FUTA tax. The employer may also be exempt from paying State Unemployment Insurance Tax, depending on the rules in the state. Currently the state of MD follows the Federal Rules.

Employee's Initials_____

Tax Exemptions for a Spouse Employed by his/her own Spouse

Is the employer your spouse?

Yes
No

I am an employee in the participant directed program and my employer is my spouse.

My employer is not my spouse.

If the answer is yes, then the employer and employee are both exempt from paying FICA (Social Security and Medicare) and the employer is exempt from paying FUTA (Federal Unemployment Tax) on wages paid to this employee. The employer may also be exempt from paying State Unemployment Insurance Tax, depending on the rules in the state. Currently the state of MD follows the Federal Rules.

Employee's Initials_____

Tax Exemptions for a Parent Employed by his/her own Child

Are you the parent of the employer?

Yes
No

I am an employee in the participant directed program and my employer is my child.

My employer is not my child.

If the answer is yes, then the employer and employee are both exempt from paying FICA (Social Security and Medicare) and the employer is exempt from paying FUTA (Federal Unemployment Tax) on wages paid to this employee. The employer may also be exempt from paying State Unemployment Insurance Tax, depending on the rules in the state. Currently the state of MD follows the Federal Rules.

Employee's Initials _____

If you have questions about a unique employee/employer relationship, please contact The Arc Central Chesapeake to discuss the possibility of additional FICA/FUTA exemptions.

*****If you have answered "Yes" to any of these questions and it has been determined you*** are exempt from FICA taxes, please return to The Arc CCR for processing.**

If you are not exempt from FICA taxes, as determined by the above checklist, do not return this form to The Arc CCR.

Under penalties of perjury, I declare that I am an individual care provider receiving payments under a state Medicaid Home and Community-Based Services waiver program for care I provide to _____ . The above information is true. I understand my responsibility to inform the FMS if my circumstances change.

Printed name: _____

Signed: _____

Date: _____

Date received by FMS: _____

FMS processor: _____
Initials

FMS Manager: _____

Recent IRS changes may apply to you

If any employee lives, full-time, in a care recipient or provider home without any other residence, please have them read and complete the “declaration statement” below and return to The Arc Central Chesapeake Region

The declaration can be sent to one of the following:

E-mail: FMS New Hire Contact

Fax: 888-272-2236

Mail: The Arc Central Chesapeake Region

Attn: FMS Team

931 Spa Rd

Annapolis, MD 21401

More information regarding this change can be found on the IRS website or by following this link:

www.irs.gov/pub/irs-drop/n-14-07.pdf

Declaration Statement

Attention: FMS Team at The Arc CCR

Current Date: _____

Effective Date: _____

Under penalties of perjury, I declare that I am an individual care provider receiving payments under a state Medicaid Home and Community-Based Services waiver program for care I provide to _____, who lives in my home, or I in theirs, under the care recipient’s plan of care.

I have lived in this residence full-time with no other place of residence since _____. I understand it is my responsibility to report any change in residence status immediately to the HR Department and I understand that if these statements turn out to be false, I may personally owe federal income tax and be subject to IRS penalty. I will contact my tax accountant for additional information and guidance.

Employee Printed name: _____

Employee Signature: _____

Employer Signature: _____

(Or Representative)

Date received by FMS: _____

FMS processor: _____
Initials

FMS Manager: _____
Initials