

# The State Port Pilot Business

## Money Management

### 'Nanny taxes'

Finding the right person to care for your home or dependents can be difficult. Fulfilling your tax obligations for household workers shouldn't be. To help you comply, the North Carolina Association of CPAs summarizes the tax rules covering household employees.

#### Who is a household employee?

If you pay someone to perform household services in or around your home and that person qualifies as your employee, you may face several tax responsibilities on the person's behalf when the worker's wages exceed certain amounts. While household employment taxes are sometimes referred to colloquially as the "nanny tax," in reality the rules extend to babysitters, housekeepers, home health aides, gardeners and other similar domestic workers. A household worker is considered your employee if you control not only what work is done, but also how it is done. If an agency supplies the worker and exercises control over what work is done and how it is done, that worker is not your employee. Similarly, if the worker controls these factors, and uses his own tools and supplies, he or she is likely to be categorized as self-employed.

#### What taxes am I responsible for?

As a household employer, you generally are responsible for paying two taxes: FICA (Social Security and Medicare) and FUTA (Federal Unemployment) taxes. Social Security and Medicare taxes pay for benefits that workers and their families receive under the Federal Insurance Contribution Act (FICA).

Federal law requires you to withhold and pay FICA taxes if you pay an employee more than \$1,100 during the calendar year. (When your payments equal or exceed the \$1,100 threshold, the entire amount of wages paid and not just the excess is subject to FICA taxes.) If your worker is under age 18 at any time during the year, and the domestic service provided is not his or her principal occupation, you do not have to withhold FICA taxes.

For 1999, you and your employee each pay FICA tax at a rate of 7.65 percent. You either can withhold your employee's share from his or her wages or pay it from your own funds. If you pay the full amount, the employee's share must be included in the employee's wages for income tax purposes.

If you pay cash wages of \$1,000 or more to all household employees in any calendar quarter, you are liable for FUTA taxes.

The FUTA tax rate for 1999 is 6.2 percent of the first \$7,000 of wages you pay to each employee during the calendar year. However, an employer is allowed a partial credit against his or her taxes based on state unemployment insurance tax liability. FUTA taxes are your responsibility and must be paid from your own funds. You cannot withhold FUTA taxes from your employee's wages.

As a household employer, you are not required to withhold federal income taxes from your worker's wages. However, you may do so if your worker requests that of you and you agree. Just be sure you have the worker provide you with a completed Form W-4, Employee Withholding Allowance, so you can withhold the correct amount.

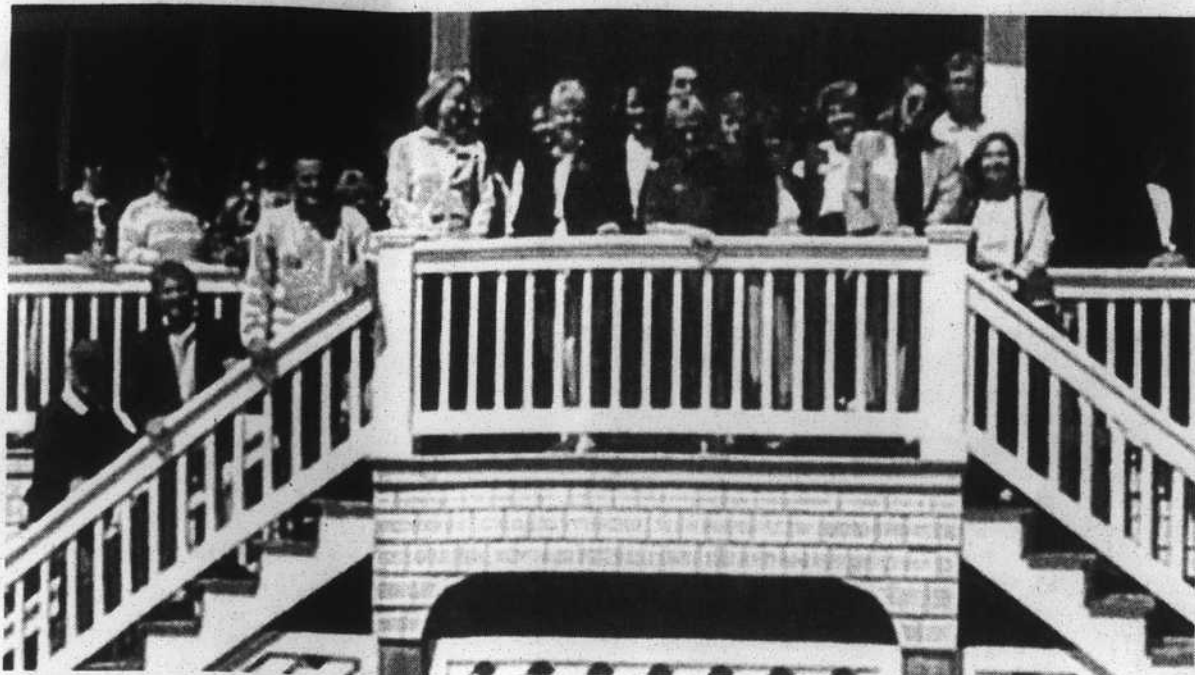
#### What are my reporting responsibilities?

Generally, you use Schedule H (Form 1040) of your individual tax return to report FICA taxes, as well as federal unemployment taxes and any federal income taxes withheld from the worker. However, if you own a business as a sole proprietor, you can include the taxes for your household worker on the FICA and FUTA forms that you file for your business.

#### How can I avoid penalties?

Beginning in 1998, household employers must make quarterly payments of Federal Household Employment Taxes (Social Security, Medicare, FUTA and withheld federal income taxes) or risk substantial penalties. (The penalty-free year-end payment option is no longer available.) There are several ways you can meet your obligation of paying enough employment taxes for your household help, as well as sufficient income tax for yourself. You can request that your employer withhold more federal income tax from your wages. For a pension or annuity, you can request more federal income tax withholding from your benefits. Or, you can begin to make or increase your estimated tax payments.

If you do not have enough federal income tax withheld or pay enough estimated tax, you may have to pay an estimated tax penalty. IRS Publication 505, Tax Withholding and Estimated Tax, can help you determine the correct amount of withholding so you can avoid penalties.



#### Realtor reception

Local realtors recently were feted with a luncheon and tour of Bald Head Island, courtesy of Indigo Pelican and Howard Perry and Walston Neighborhood Builder Services. Realtors were welcomed to the interval ownership home.

## Southport-Oak Island

# The chamber report

By Karen Sphar  
Executive Vice-President

The Southport-Oak Island Area Chamber of Commerce's Education Committee and the Southport Rotary Club, in conjunction with South Brunswick High School and South Brunswick Middle School, held a Career Expo in the media center of South Brunswick High School last Friday.

Over 20 career stations were set up with active and retired professionals manning the booths. Grade levels invited to the expo were the eighth-graders from South Brunswick Middle School and the sophomores, juniors and seniors of South Brunswick High School.

We enjoy this event immensely because it gives us a chance to interact with our youths. After the initial reaction of feeling old, we always find these students articulate, intelligent and polite.

We were fortunate to have some great assistance provided by the ROTC. ROTC members present were Laura Shough, Brannon Gray, Andrew Hollins, Brandon Lati and Candace Bryant.

We would also like to recognize those businesses that participated in the Career Expo: John Zoretic, Alpha Auto Sales; Thom Seaman, Artshak; Wayne Berry and Tasha Helms, Brock, Padgett and Chandler, CPA; Timothy Randall, Brunswick Community College; Scott Garner, Brunswick County Emergency Management; Jim New and Rosemary Burton, Brunswick County schools; officer Charlie Miller, Brunswick County Sheriff's Department; officer Dew, N. C. Highway Patrol; Dr. John O'Brien Jr., Cypress Chiropractic, P.A.; Pat Ahearn, Susan Hill and Bobbie Manshach, Doshier Memorial Hospital; Stanley Rudd, Interoceanic Diving; Zach Zuehike, JobLink Career Center; Kelly Carter, Maximum Design; Chris



#### Career Expo

Law enforcement officers from the Brunswick County Sheriff's Department and N. C. Highway Patrol spoke with students from South Brunswick High School and South Brunswick Middle School during Friday's Career Expo at South Brunswick High. The event was sponsored by Southport-Oak Island Area Chamber of Commerce and Southport Rotary Club.

Skoog, Peacock-Newnam Funeral Home; Judy Zimmerman, Miller-Motte Business College; Pat Haggerty and Gloria Murray and representatives from the armed services U. S. Navy, U. S. Marine Corps and U. S. Coast Guard.

The Career Day Committee consisted of high school principal Sue Sellers, middle school principal Dr. Rick Lawson, Clarence Willie, Ilene Palmer, Barbara Sills, Reeda Hagrove, Jerry Smith, Brunswick County schools; Amy Saunders, JobReady; Jeannette Deale, telecommunications consultant; Julia Messino, Brunswick County Literacy Council; Margaret Rivera, Doshier Memorial Hospital.

This week will be another wild one. WECT-TV6 did, or will do, a live remote from Southport April 27 and from Bald Head Island on April 29. The Southport Rotary Club will hold a silent auction and barbecue at the Brunswick County Airport on Friday, April 30, from 6:30 to 7 p.m. Cost is \$5 and includes barbecue, beans, slaw, hush-puppies, tea and a chance to bid on some great prizes.

This Sunday, May 2, Thom Seaman, sculptor, and Linda Platt, artist, will celebrate the opening of their business Artshak at 511 1/2 North Howe Street, Southport. Artshak features original works of art — painted furniture, sculpture, antiques and unique gifts. We invite you to come join in the fun and have a few refreshments from 1 to 5 p.m.

### Telemon offers work transition by appointment

Telemon Corporation is taking weekly appointments for persons in Brunswick County.

Telemon is a private, non-profit organization that helps farm workers transition into the local job market. Services include paid work experience, paid on-the-job training, classroom training and English as a second language. Assistance with child care, transportation, relocation, nutrition, health and medical expenses may also be available.

The Telemon office is located at the JobLink Career Center at 104 Ocean Highway East, Supply. Office hours are every Thursday from 10 a.m. until noon.

### Almirall completes academy training

Dr. Peter Almirall, a family physician in Yaupon Beach, has completed continuing medical education requirements to retain active membership in the American Academy of Family Physicians (AAFP), the national association of family doctors.

AAFP members are required to complete a minimum of 150 hours of accredited continuing medical study every three years. The academy, with 88,000 members, is one of the largest medical specialty organizations in the country. It was the first national medical group to require continuing medical education for members to ensure continuing medical expertise.

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