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Illinois Income Tax Withholding for Household Employees

The information in this publication is current as of the date of the publication. Please visit our web site at **tax.illinois.gov** to verify you have the most current revision.

This publication is written in the plain English style so the tax information is easier to understand. As a result, we do not directly quote Illinois statutes and the Illinois Administrative Code. The contents of this publication are informational only and do not take the place of statutes, rules, and court decisions.

About this publication

This publication is about current income tax withholding requirements and filing options. The objectives of this publication are to identify

- who is a household employee,
- who is an employer,
- if withholding Illinois Income Tax is required,
- how to figure, pay, and report Illinois Income Tax that you withhold for your household employee,
- what records you should keep, and
- what forms you must give to your household employee.

Related publications: Publication 130, Who is Required to Withhold Illinois Income Tax, and Publication 131, Withholding Income Tax Payment and Filing Requirements.

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See **household.illinois.gov** for more information for employers of household workers.

For information or forms

- Visit our web site at **tax.illinois.gov**
- Call **1 800 732-8866** or **217 782-3336**
- Call our TDD (telecommunications device for the deaf) at **1 800 544-5304**
- Call our 24-hour Forms Order Line at **1 800 356-6302**

Taxpayer Bill of Rights

You have the right to call the Department of Revenue for help in resolving tax problems.

You have the right to privacy and confidentiality under most tax laws.

You have the right to respond, within specified time periods, to department notices by asking questions, paying the amount due, or providing proof to refute the department's findings.

You have the right to appeal department decisions, in many instances, within specified time periods, by asking for department review or by taking the issue to court.

If you have overpaid your taxes, you have the right, within specified time periods, to a credit (or, in some cases, a refund) of that overpayment.

For more information about these rights and other department procedures, you may write us at the following address:

Problems Resolution Office
Illinois Department of Revenue
PO Box 19014
Springfield, IL 62794-9014

Who is a household employee?

A household employee is someone you pay to do domestic work in or around your home. For example, a household employee could be a babysitter, caretaker, cleaning person, driver, health aide, housekeeper, nanny, private nurse, or yard worker. This person can be a full-time or part-time employee who you pay hourly, daily, weekly, or by the job.

Note We define a household employee the same as the Internal Revenue Service (IRS) defines a “domestic service employee”. For more information, visit irs.gov and refer to IRS Publication 926.

Am I an employer of a household employee?

You are an employer of a household employee if you

- employ a person who does household work in or around your home,
- control *what* work is done, **and**
- control *how* the work is done (e.g., provide the necessary equipment, supplies, or tools to do the job).

If the worker controls how the work is done, the worker is **not** your employee. This person usually provides his or her own tools and offers services to the general public in an independent business. If an agency provides the worker and controls what work is done and how it is done, the worker is not your employee.

Do I need to withhold Illinois Income Tax?

Generally, you must withhold Illinois Income Tax for your Illinois employee if

- you withhold federal income tax, or
- you and your employee enter into a voluntary withholding agreement. (We do not require a separate agreement for payments covered by a federal voluntary withholding agreement.)

Note Federal law excludes wages paid to certain types of household employees from withholding.

Do I need to register to withhold Illinois Income Tax?

You must register, but **how you register** depends on which **option you choose** to file and pay your withholding income tax for your household employee. You must

choose one of the following two options. The option you choose determines how you must **pay and file** for the entire period you are an employer.

Option 1

The **annual combined payment and filing option** allows you to file and pay your withholding income tax and unemployment insurance contributions once a year. You must register as a household employer with the Illinois Department of Employment Security before April 15th and fill out the election form to file and pay annually. Visit household.illinois.gov.

Option 2

The **quarterly withholding tax payment and filing option** requires you to make payments and file withholding tax returns with our department, the Illinois Department of Revenue, separately from your unemployment insurance contributions, which are filed and paid with the Illinois Department of Employment Security. For withholding income tax, you will be able to file and pay annually (Form IL-941-A) only if you withhold \$1,000 or less from your employees. If you withhold more than \$1,000, you have to make monthly payments (or possibly more frequent payments) and file quarterly returns. Register with us by completing Form REG-1, Illinois Business Registration. You may access the forms or apply online at tax.illinois.gov. You must register separately with the Illinois Department of Employment Security for your unemployment contributions.

What form does my household employee need to complete for withholding tax?

Your household employee must complete Form IL-W-4, Employee’s Illinois Withholding Allowance Certificate. Your employee will tell you the number of allowances he or she is entitled to claim on this form. You should withhold Illinois Income Tax from his or her wages based, in part, on the number of allowances claimed. If your employee does not complete this form, you should withhold income tax as if the employee is single with no allowances.

How do I figure the amount to withhold?

To determine how much tax you must withhold, you may

- find the amount by using the tax tables in Booklet IL-700-T, Illinois Withholding Income Tax Tables, or
- calculate the amount using the following formula. First, determine the employee’s exemption amount total using Form IL-W-4. Multiply Line 1 by \$2,000, then multiply Line 2 by \$1,000. Add these two amounts for the total exemption amount. Find the number that corresponds to how often you pay your employee in the table below. Divide the total exemption amount by this number, then subtract that exemption amount from your employee’s wages. Multiply this result by 3 percent.

Automated payroll method allowance table

Payroll periods	Number
Weekly	52
Bi-weekly	26
Semi-monthly	24
Monthly	12
Bi-monthly	6
Quarterly	4
Semi-annually	2
Annually	1

How do I report and pay the Illinois Income Tax I withhold?

If you registered as a household employer using Option 1, **annual combined payment and filing option**, you must file Form UI-WIT, Combined Return for Household Employers, by April 15th of the following calendar year. You may electronically file and pay at household.illinois.gov.

If you registered as a household employer using Option 2, **quarterly withholding tax payment and filing option**, you must file Form IL-941, Illinois Quarterly Withholding Income Tax Return, to report and pay the income tax you withheld. You may be required to make additional payments using Payment Coupons, (Form IL-501s). **Do not** pay and file Form UI-WIT if you file Form IL-941, Form IL-941-A, or Form IL-501. See Publication 131, Withholding Income

Tax Payment and Filing Requirements, to determine how often you are required to report and pay withholding tax. We encourage you to use our WebFile and Pay at tax.illinois.gov.

Note We cannot apply any overpayment to a balance due owed to the Illinois Department of Employment Security, nor can we accept any overpayment from the Illinois Department of Employment Security to a balance due you owe us.

What if I do not withhold the correct amount of tax or make a reporting error?

If you discover that you withheld an incorrect amount of Illinois Income Tax from an employee's compensation and it is during the **same** calendar year, you should correct the error by making an adjustment in the amount you withhold from that employee's future compensation during that calendar year.

If you withheld too much tax, do not file an amended return. Your employees will claim a credit for the amount you withheld and receive any refund.

If you reported more tax than you actually withheld on your original return and reported to your employees on Form W-2, we will issue you a refund. If you made the error on

- Form UI-WIT, you must complete Form UI-WIT-X, Amended Illinois Income Tax Withholding Return for Household Employers.
- Form IL-941, you must file Form IL-941-X, Amended Illinois Quarterly Withholding Tax Return.
- Form IL-941-A, you must file Form IL-941-A-X, Amended Illinois Yearly Withholding Tax Return.

What form must I give to my household employee about withheld amounts?

Before **February 1** of each year, you must give your household employee three copies of federal **Form W-2**, Wage and Tax Statement. **Do not** send this form to us. Instead, keep a copy of it in your records for three years and send it to us only if we request it.

If your employee permanently discontinues employment before the close of the calendar year or you terminate a federal voluntary withholding agreement, you may give

the employee a completed federal Form W-2 at any time after employment ends, but no later than January 31. If an employee asks for Form W-2, give the employee the completed copies within 30 days of the request or within 30 days of the final wage payment, whichever is later.

You must keep any undeliverable Form W-2 for at least three years after the date you were required to give the form to your employee.

What records must I keep?

You must maintain a current and accurate record of all persons for whom you withhold Illinois Income Tax. Your records must contain the following information:

- amounts and dates of all payments from which you withhold tax
- names, addresses, and Social Security numbers of persons receiving payments
- periods of employment, including periods in which wages were paid while absent due to sickness or injury
- amounts paid by pay period
- copies of all federal W-2 forms issued to household employees
- Employee Withholding Allowance Certificate (federal Form W-4)
- Employee's Illinois Withholding Allowance Certificate and Instructions (Form IL-W-4)

Note You must keep these records for three years from the due date of the return or the date the return was filed, whichever is later, and provide them to us if we request them.

What important dates should I remember?

January 1, current year (or as soon as you and your household employee enter into an agreement to withhold) — You need to have your household employee complete Form IL-W-4.

December 1, current year — You should remind your household employee to review his or her current Form IL-W-4. If there has been a change in the number of allowances, they should complete a new Form IL-W-4 for the following calendar year, and make necessary changes in the number of allowances claimed.

January 31, following year — You must give each of your household employees three copies of federal Form W-2 for wages paid and tax withheld during the previous calendar year.

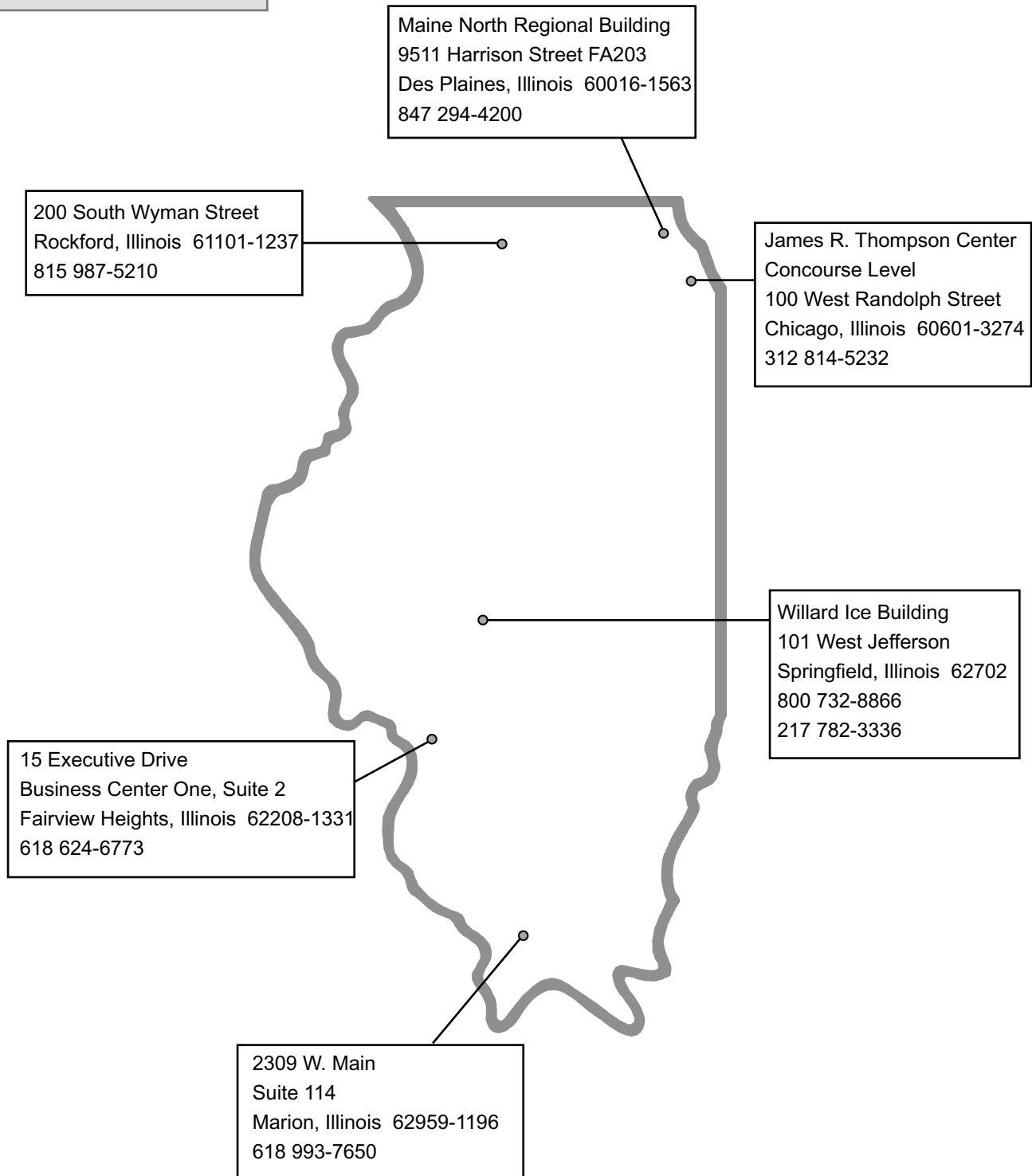
April 15, following year — If you registered using Option 1, **annual combined payment and filing option**, and are a calendar year filer, you must file Form UI-WIT and pay the tax you withheld from your household employee's wages during the previous calendar year.

Do I owe other employment taxes?

You should check with the Illinois Department of Employment Security at ides.state.il.us for more information about unemployment insurance contributions for employers.

You also may owe federal taxes. Refer to IRS Publication 926 for more information. Visit irs.gov or call 1 800 829-3676.

Office locations



For information or forms

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