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Hiring a nanny will impact your life in many ways, including your finances. In

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Do you expect to pay your nanny more than \$1,900 in 2015? If so, you should begin to withhold his or her share of Social Security and Medicare taxes.

This sounds complicated, but it is actually quite simple. You will withhold a total of 7.65% from each payment. This includes 6.2% for Social Security tax and 1.45% for Medicare tax.

**Note:** you must stop withhold Social Security tax after your nanny's wages for the year reach \$117,000.

The above is an explanation of what you employee pays. As an employer, you will pay the other 7.65% of FICA. You may also have to pay state and local taxes.

### **What about Federal Income Tax Withholding?**

[According to the IRS](#), "you are not required to withhold federal income tax from wages you pay a household employee."

You should only do this if your employee requests and you comply. In this case, you must have your nanny complete Form W-4, Employee's Withholding Allowance Certificate.

### **What You Need to Pay Nanny Taxes**

If you are required to pay nanny taxes, you need the following:

- State and federal tax identification numbers.
- Payroll information.
- Forms, such as a completed W-2.
- Quarterly filings for federal and state returns.

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