



# Publication 121

November 2011

## Illinois Income Tax Withholding for Household Employees

The information in this publication is current as of the date of the publication. Please visit our website at [tax.illinois.gov](http://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.

### For information or forms

- Visit our website at [tax.illinois.gov](http://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

### About this publication

This publication is about current income tax withholding requirements for employers of household employees. 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 publication:** Internal Revenue Service, Publication 926, Household Employer's Tax Guide for Wages Paid in 2012. Download available at [www.IRS.gov](http://www.IRS.gov).

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### 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

**Get forms and other information faster and easier at [tax.illinois.gov](http://tax.illinois.gov)**

## What's new?

Beginning tax year 2011, Form UI-WIT, Combined Return for Household Employers, has been discontinued. Instead, separately report Illinois

- Unemployment Insurance Contributions to the Illinois Department of Employment Security (IDES) on "Return for Household Employers - Unemployment Contributions" (UI-HA). For more information, visit [ides.illinois.gov](http://ides.illinois.gov).
- Income Tax withholding to us, the Illinois Department of Revenue. Household employers may now report the Illinois Income Tax withheld from employees on Line 22 of the Form IL-1040, Illinois Individual Income Tax Return. This annual option is similar to the federal Schedule H (Form 1040), Household Employment Taxes.

## 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 [www.irs.gov](http://www.irs.gov) and refer to IRS Publication 926.

## Am I an employer of a household employee?

You are the employer of a household employee if you

- 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).

The worker is **not** your employee if

- the worker controls how the work is done. This person usually provides his or her own tools and offers services to the general public in an independent business.
- an agency provides the worker and controls what work is done and how it is done.

## 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 from your employee's wages, **or**
- you and your employee enter into a voluntary withholding agreement.

**Note** Federal law excludes wages paid to certain types of household employees from withholding. We do not require a separate agreement for payments covered by a federal voluntary withholding agreement.

## What form does my household employee need to complete for Illinois 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 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 five 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?

Beginning tax year 2011, if you employ household employees **and** you are eligible to file federal Schedule H (Form 1040), Household Employment Taxes, you may file and pay the Illinois withholding income tax annually on Form IL-1040, Illinois Individual Income Tax Return, Line 22. No registration is required to use this option. We encourage you to file and pay electronically using **IL-1040 WebFile** at [tax.illinois.gov](http://tax.illinois.gov).

**Caution:** If you complete Line 22 of Form IL-1040,

- **do not** report household employee Illinois withholding income tax on Form IL-941, Illinois Withholding Income Tax Return.
- **do not** pay household employee Illinois withholding income tax with

Form IL-501, Payment Coupon, for Illinois Withholding Income Tax Return.

**If you already file Form IL-941** only to report household employee income tax withholding and you would like to *convert* to the annual IL-1040, Line 22 reporting option for the *next* calendar year, you **must** notify us that you will no longer be reporting withholding on IL-941. If you do not, you may be subject to penalties and collection action. **Call 217 785-3707 to update your IL-941 account.**

**Note** If you do not qualify for the IL-1040, Line 22, filing and payment option, you must use Form IL-941 to file your withholding tax. You must register with us online at [tax.illinois.gov](http://tax.illinois.gov) or by completing Form REG-1, Illinois Business Registration. For new registrants, Form IL-941 is required quarterly and IL-501 payments are required monthly.

## 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 (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 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 and cannot correct the error by reducing the employee's withholding during the remainder of the year, you may not claim a refund. Your employees will claim a credit for the amount you withheld and receive any refund. If you

withheld too little tax, your employee may owe tax when he or she files their returns, or will receive a smaller refund.

If you reported more tax than you actually withheld on your original return you must file an amended return.

## 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.

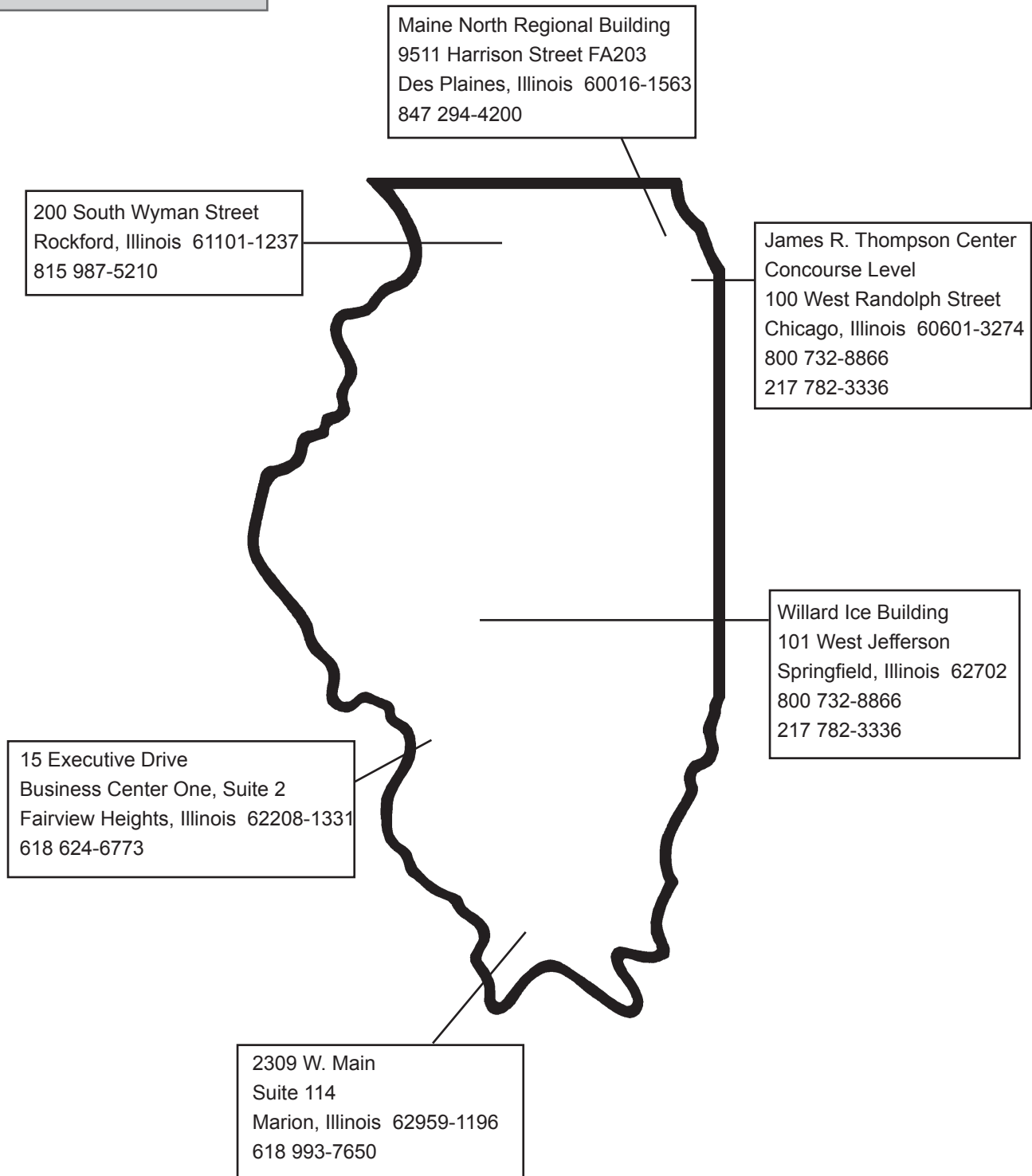
**April 15, following year** — You must file Form IL-1040 and pay the tax you withheld from your household employee's wages during the previous calendar year.

## Do I owe other employment taxes?

You should check with the Illinois Department of Employment Security (IDES) for more information about unemployment insurance contributions for employers. Visit [ides.illinois.gov](http://ides.illinois.gov) or call the IDES Employer Hotline at (800) 247-4984, Option 1.

You also may owe federal taxes. Refer to IRS Publication 926 for more information. Visit [www.irs.gov](http://www.irs.gov) or call 1 800 829-3676.

## Office locations



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