

Does a Teenage Babysitter Need to File a Tax Return?

Many teenagers earn money the old fashioned way—they babysit. 62% of teenagers report they have earned money as babysitters, but it may cause parents to wonder if their teenager might owe tax on babysitting income.

Jan. 13, 2010 - [PRLog](#) -- Many teenagers earn money the old fashioned way—they babysit. It is a popular source of income for teenagers as young as thirteen, with 62% of teenagers reporting they have earned money as babysitters. But it may cause parents to wonder if their teenager might owe tax on babysitting income.

In the 1990's Congress defined teenager babysitters as “household employees.” A household employee is a housekeeper, maid, baby-sitter, gardener, and others who work in or around a private residence as employees. If a teenager (under age 18 at anytime during the year and a student) worked as a household employee, the employer does not have to pay employer taxes such as Social Security and Medicare. In addition, the babysitter does not owe self-employment tax. “This is a significant benefit because neither the employer nor the teenage household employee pays Social Security and Medicare tax,” explains Carol Topp, an accountant who runs a website, <http://TeensAndTaxes.com>. “So one of the best jobs for teenagers now has special tax status too.” The teenager may still owe federal income tax warns Topp.

“The whole issue of teenagers and taxes gets complicated,” explains Topp, a Certified Public Accountant in Cincinnati, Ohio. “People frequently ask me if their teenager’s babysitting income needs to be reported to the IRS. I explain that a teenager providing a service at a home, like lawn care or babysitting, is classified as a household employee. As long as the teenager is under age 18 at anytime during the year and a student, the employer does not have to pay employer taxes, nor does the teenager pay self-employment tax. Student workers may owe federal income tax if they earned over \$5,700, the threshold for paying federal income tax in 2009.”

Household employee status also applies to teenagers doing yard work, landscaping, snow shoveling, house cleaning, maid service and other employment in and around a private residence. The location where a teenager works can determine if the income is taxable. If the teenager works anywhere but in a home, he or she is no longer classified as a household employee. The teenage worker should then be treated as an employee with appropriate Social Security and Medicare taxes withheld. “One of my clients has a daughter that babysits for several families in their homes and also works at her church doing child care. The income from the church is not classified as household employee income, but rather as employee wages with Social Security and Medicare taxes withheld,” explains Topp.

In addition, the Social Security and Medicare exemption on household employees no longer applies after a teenager turns 18. Employers of college-age babysitters should treat them as employees and pay employer taxes on their wages. This tax, nicknamed the nanny tax, is explained in IRS Publication 926 Household Employer's Tax Guide available at <http://www.irs.gov>.

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Certified Public Account, Carol Topp, CPA operates an accounting practice specializing in tax preparation, micro business start ups, and non-profit accounting.

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Industry Tax, [Family](#)
Tags [Taxes](#), [Teenager](#), [Income Tax](#), [1040](#), [Teens](#), [Family](#), [Parents](#), [Irs](#), [Babysitting](#)
Link <https://prlog.org/10481592>



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