

Household Employment

Household employment is provided in a variety of settings, such as in your private home, a local college club, or the local chapter of a college fraternity or sorority. Household workers or employees may include, but are not limited to:

- Cooks
- Waiters
- Waitresses
- Butlers
- Housekeepers
- Governesses
- Governors
- Maids
- Valets
- Babysitters
- Janitors
- Laundry workers
- Caretakers
- Home Health Care Workers
- Handy persons
- Gardeners
- Chauffeurs
- Crews of private yachts
- Pilots of private airplanes for family use

Household employment does not include services performed by:

- Private secretaries
- Tutors
- Librarians
- Musicians
- Carpenters
- Plumbers
- Electricians
- Painters
- Other skilled craftsmen

What is a Private Home?

Private homes include fixed places of residence, apartments, hotel rooms, summer, or winter homes, etc., in which a social unit formed by an individual or family resides.

Private homes do not include premises used primarily as a business enterprise, such as: residential care homes, boarding houses, hotels, hospitals, etc., unless the workers are employed by the resident of such a facility and not by the business.

Who is a Household Employer?

A household employer is someone who has paid \$750 or more in cash wages to one or more household workers in a calendar quarter, pursuant to section 684 of the California Unemployment Insurance Code ([CUIC](http://leginfo.legislature.ca.gov/faces/codes.xhtml)) (leginfo.legislature.ca.gov/faces/codes.xhtml). You must register as an employer with the Employment Development Department (EDD) within 15 days after you pay \$750 or more in total cash wages. Cash wages include both checks and cash. Do not include noncash wages, such as meals and lodging, when calculating whether you have reached the \$750 threshold in cash wages.

What are Wages?

Wages are all payments made to employees for personal services, whether paid by check, cash, or the reasonable cash value of noncash payments, such as meals and lodging. Refer to the charts for meals and lodging values in this document and the [Information Sheet: Wages \(DE 231A\)\(PDF\)](http://edd.ca.gov/pdf_pub_ctr/de231a.pdf) (edd.ca.gov/pdf_pub_ctr/de231a.pdf).

Note: Once you meet the \$750 in cash wage threshold, you must include all cash and noncash payments, such as meals and lodging value, as subject wages.

State Disability Insurance

When you pay cash wages of \$750 to \$999.99 in a calendar quarter, you are responsible for reporting wages for State Disability Insurance (SDI) purposes. SDI taxes are deducted from employees' wages and remitted by the employer to us. Withholding and remittance of SDI taxes will continue through the remainder of the current year and through the following year, even if you pay less than \$750 in wages for subsequent quarters.

The SDI tax rate is subject to change annually. Effective January 1, 2024, Senate Bill 951 removes the taxable wage limit and maximum withholdings for each employee subject to SDI contributions. For the current SDI rate, visit [Contribution Rates, Withholding Schedule, and Meals and Lodging Values](http://edd.ca.gov/en/payroll_taxes/rates_and_withholding) (edd.ca.gov/en/payroll_taxes/rates_and_withholding).

Note: SDI paid by the employer for the employee is wages. Social Security paid by the employer for the employee is not wages. For more information, refer to [Information Sheet: Social Security, Medicare, State Disability Insurance, Federal and State Income Taxes Paid by and Employer \(DE 231Q\)\(PDF\)](http://edd.ca.gov/pdf_pub_ctr/de231q.pdf) (edd.ca.gov/pdf_pub_ctr/de231q.pdf).

Unemployment Insurance and Employment Training Tax

When you pay cash wages of \$1,000 or more in a calendar quarter, you are responsible for reporting wages for Unemployment Insurance (UI), Employment Training Tax (ETT) and SDI purposes. The UI and ETT are contributions that employers are required to pay to us on the wages paid to each employee (section 682 of the CUIC). You must pay UI and ETT taxes through the remainder of the current year and the following year, even if you pay less than \$1,000 in wages for subsequent quarters.

The UI tax rate and taxable wage limit are subject to change annually. Employers are notified annually of these changes on the *Notice of Contribution Rates and Statement of UI Reserve Account* (DE 2088). You can also access this information by enrolling in [e-Services for Business](http://edd.ca.gov/eServices) (edd.ca.gov/eServices).

Personal Income Tax (PIT)

Although state law requires registered employers to report wages paid to household employees as "PIT Wages" on the quarterly wage report (refer to "Reporting Requirements," below), it does not require them to withhold PIT from their employees' wages. However, if you and your employee mutually agree, PIT may be withheld under a voluntary withholding agreement and then reported and paid to us. When the employee and employer agree to voluntary PIT withholding, the withholding should be made from all reportable PIT wages. Under the voluntary withholding agreement, the employer should include meals and lodging values (see below), unless provided for the employer's convenience and on the employer's premises.

If more than half of employees receive meals for the convenience of the employer, then all meals provided by the employer are considered for the employer's convenience and are therefore not subject to voluntary PIT withholding or reportable as PIT wages.

If fewer than half of employees receive meals for the convenience of the employer, then only those meals provided for the employer's convenience are exempt from voluntary PIT withholding and not reportable as PIT wages.

Lodging is not subject to PIT if the employee must live at the place provided by the employer to qualify for employment.

If you and your employee agree to withhold PIT from earnings, your employee must complete the [Employee's Withholding Allowance Certificate \(DE 4\) \(PDF\)](http://edd.ca.gov/pdf_pub_ctr/de4.pdf) (edd.ca.gov/pdf_pub_ctr/de4.pdf) to establish the worker's marital status and the appropriate number of withholding allowances.

Taxable Value of Meals and Lodging

The taxable value of meals and lodging should not be less than the reasonable estimated value agreed by the contract of employment or in a union agreement. If the cash value is not set in the hiring contract or union agreement, the taxable value is established as shown below:

<u>Meals</u>					
	3 Meals				Uniden-
Year	per day	Breakfast	Lunch	Dinner	tified
2024	\$14.85	\$3.05	\$4.55	\$7.25	\$5.35
2023	\$13.85	\$2.85	\$4.25	\$6.75	\$4.95
2022	\$12.95	\$2.65	\$4.00	\$6.30	\$4.65
2021	\$12.45	\$2.55	\$3.85	\$6.05	\$4.45
2020	\$12.05	\$2.45	\$3.70	\$5.85	\$4.30

Lodging

The taxable value of lodging is 66 2/3 percent of the ordinary rental value to the general public up to a maximum per month and not less than a minimum value per week.

Year	Maximum per month	Minimum per week
2024	\$1,852	\$60.05
2023	\$1,759	\$57.05
2022	\$1,715	\$55.60
2021	\$1,688	\$54.75
2020	\$1,607	\$52.10

Reporting Requirements

All employers must submit tax returns and wage reports electronically.

Household employers with total annual wages of more than \$20,000 or who do not elect to pay taxes on an annual basis must report wages and pay taxes quarterly.

As a quarterly household employer, you must electronically file both:

- *Quarterly Contribution Return and Report of Wages* (DE 9) to reconcile reported wages and paid taxes.
- *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C) to report individual employee wages.

If a tax payment is due, you must electronically submit a payment with a *Payroll Tax Deposit* (DE 88).

Enroll in [e-Services for Business](http://edd.ca.gov/eServices) (edd.ca.gov/eServices) to manage your account online 24 hours a day, 7 days a week. e-Services for Business provides a fast, easy, and convenient way to file returns, make payments and adjustments, and view account information.

Annual Payment

Household employers who pay no more than \$20,000 per year in wages can elect to pay taxes annually by submitting an [Employer of Household Worker Election Notice \(DE 89\) \(PDF\)](#) (edd.ca.gov/pdf_pub_ctr/de89.pdf).

If the election form DE 89 is approved, a household employer will file the following form:

- Quarterly: *Employers of Household Worker(s) Quarterly Report of Wages and Withholdings* (DE 3BHW) to report employee subject wages and PIT.
- Annually: *Employer of Household Worker(s) Annual Payroll Tax Return* (DE 3HW) with a payment for the total payroll taxes due.

Even though taxes are paid just once a year, wages must be reported each quarter. For any quarter that you do not have wages, you must still file the report. Employers will pay all taxes due for the current year in January of the following year when filing the DE 3HW.

Note: If at any time during the year the total accumulated wages paid exceed \$20,000, you must notify us immediately. You can submit a request to terminate the annual household employer election and revert the account to quarterly filing of tax returns, wage reports and payments using e-Services for Business. The election to pay annually will be terminated. You will be required to electronically file the DE 3HW to cover the quarters you were an annual household employer. You will then be required to file forms DE 9 and DE 9C and make payments on a quarterly basis.

Examples of When, What, and How Much to Report

These are some examples that may clarify the taxability of wages for UI, ETT, SDI, and PIT purposes.

Example 1

You pay \$900 in cash wages each quarter and provide lodging valued at \$200. Lodging is provided on your premises for your convenience and as a condition of employment. You would not be liable for UI and ETT. However, you would be liable for withholding SDI contributions on the entire \$1,100 amount. The SDI-subject wages should be reported as \$1,100, but PIT wages should be reported as \$900. If you and your employee agree to PIT withholding, you would withhold PIT on \$900.

Example 2

You pay \$1,000 in cash wages each quarter and provide lodging valued at \$200. Lodging is provided on your premises for your convenience and as a condition of employment. You must pay UI, ETT, and SDI on the entire \$1,200 amount. Subject wages should be reported

as \$1,200, but PIT wages should be reported as \$1,000. If you and your employee agree to PIT withholding, you would withhold PIT on \$1,000.

Example 3

You regularly pay \$900 in cash wages during a calendar quarter. You hire another employee for gardening and pay that worker \$100. You must report and pay UI, ETT, and SDI in that calendar quarter, the remainder of that calendar year, and the next calendar year since you paid a total of \$1,000 in cash wages. You would withhold on the \$900 and \$100 in cash wages, only if both employees want voluntary PIT withholding.

In-Home Supportive Services (IHSS)

If you are an IHSS recipient and employ an IHSS provider in your home, you should contact your county social worker for information about your responsibilities. Anyone who receive services under the IHSS program are generally not required to register directly with us. The County Welfare Department or the State Department of Social Services is responsible for the reporting of these workers.

Note: When an IHSS recipient personally pays wages to a household employee to supplement the services compensated by IHSS, the recipient is responsible for reporting the additional wages and paying the additional employment taxes due depending on the amount of wage payment (sections 683 or 685 of the CUIA). This should be done by filing the required returns and reports, labeled "supplemental", under the recipient's existing IHSS account number, which we would use to adjust the amounts reported directly by IHSS for the same time period. If, however, a third party, such as a family member or nonprofit agency, pays additional wages for an IHSS recipient's household employees, the third party would be a separate employer required to report wages and pay taxes according to the guidelines previously mentioned.

Who is the Employer of a Household Worker Placed by an Employment Agency?

An employment agency, as defined in section 1812.501 of the [Civil Code](http://leginfo.ca.gov/faces/codes.xhtml) ([leginfo.legislature.ca.gov/faces/codes.xhtml](http://leginfo.ca.gov/faces/codes.xhtml)), will not be the employer of a household worker it placed in employment in a private home if certain factors exist. First, it must be established that the household worker is a subject employee. Then, it must be determined whether or not the business placing the worker is an employment agency, defined in the Civil Code as one of the following:

- Any person who, for a fee or other valuable consideration, procures, offers, promises, provides, or attempts to procure babysitting or domestic employment for others or domestics or babysitters for others.

- Any agency which provides or attempts to provide employment by placement of domestic help in private homes.

If the household worker is a subject employee and the company is an employment agency as defined in the Civil Code, section 687.2 of the CUIIC must be applied to determine whether or not the company is the employer of the household worker.

Section 687.2 of the CUIIC states that an employment agency will not be the employer of a domestic worker if all of the following factors exist:

- There is a signed agreement between the employment agency and the household worker specifying all of the following:
 - That the agency will assist the worker in securing work.
 - How the agency's referral fee will be paid.
 - That the domestic worker is free to sign with other employment agencies.
- The household worker informs the employment agency of their availability to work and the conditions under which they will work. The household worker can reject any assignment.
- The household worker is free to renegotiate with the client the amount proposed to be paid for the work.
- The household worker does not receive training from the employment agency regarding the performance of the work.
- The household worker performs work without any direction, control, or supervision exercised by the employment agency.
- The employment agency does not provide tools, supplies, or equipment necessary to perform the work.
- The household worker is not required to pay the employment agency and the agency is not required to pay the worker if the client fails to pay for the services performed.

- Payments are made directly to the household worker or the employment agency. Payments made to the agency must be deposited into a trust account. Payments made to a worker cannot be made from the agency's business account.
- The working relationship between the household worker and the client can only be terminated by either party, not the employment agency.

According to section 687.2 of the CUIIC, if the employment agency is not the employer of the household worker, the customer may be considered the employer. However, if the business does not meet the criteria under section 687.2 of the CUIIC or is determined not to be an employment agency as defined in the Civil Code, the identity of the employer of a household worker will be determined by section 606.5 of the CUIIC.

Section 606.5 of the CUIIC specifies who shall be considered the employer of common law employees in the temporary services and employee leasing industries. Refer to [Information Sheet: Temporary Services and Employee Leasing Industries \(DE 231F\) \(PDF\)](#) (edd.ca.gov/pdf_pub_ctr/de231f.pdf) for more detailed information on three-party relationships and information regarding the identity of the employer of workers placed by one of these agencies.

More Information

For more information regarding household employment, refer to the [Household Employer's Guide \(DE 8829\) \(PDF\)](#) (edd.ca.gov/pdf_pub_ctr/de8829.pdf).

For further assistance, contact the Taxpayer Assistance Center at 1-888-745-3886 or visit the nearest [Employment Tax Office](#) (edd.ca.gov/Office_Locator).

Additional information is also available through no-cost [payroll tax seminars](#) (edd.ca.gov/Payroll_Tax_Seminars).

The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Requests for services, aids, and/or alternate formats need to be made by calling 1-888-745-3886 (voice) or TTY 1-800-547-9565.

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