



Pay the Babysitter Over \$1,900 This Year? You Owe It to Her to Put Her On the Books

By KJ DELL'ANTONIA APRIL 11, 2014, 3:37 PM 32 Comments



Yana Paskova for The New York Times

If you pay a babysitter more than \$1,900 in a calendar year, you're classified as a household employer. That means you have the responsibility to administer the payroll and tax process for your babysitter. We don't have a full-time babysitter, but it doesn't take anything close to a full time schedule to hit \$1,900. At \$20 an hour, a parent owes taxes at 95 hours, or less than 2 hours a week.

Want to call that a "one-percenter" problem? It's anything but. If I don't pay the right taxes on my babysitter, it's not just my problem. Many of us employ adults as babysitters, some with children and families of their own. Paying them on the books means they can apply for credit, and qualify for unemployment and later, Social Security and Medicare. It means they can pay taxes and qualify for credits and deductions. It means they're professionals, who deserve not to be shuffling their cash around under the counter, unable to persuade a bank to loan them money for education or a house, or to apply for a credit card.

But paying taxes on your babysitter isn't easy. "I was working for Arthur Andersen when I first set out to pay taxes on my nanny," said Stephanie Breedlove of Care.com's payroll management division, HomePay. "I wanted to put her on the books and give her the benefits she deserved. You would think that as a professional I'd be able to do it easily, but even then, in the '90s, it was a nightmare. It hasn't improved since."

That led to Ms. Breedlove's starting a payroll company for families, which was later acquired by Care.com. In the two decades since, she has become an expert. Ms. Breedlove suggests that the first thing to do when you decide to put your nanny on the books is to talk to her. "Not everyone understands the benefits," she said. She suggests using an online calculator to determine net pay as opposed to gross pay. (Care.com's calculator is [here](#)) and also discussing the earned income credit, which may mean that the sitter pays relatively little in taxes, and the benefits of paying taxes.

The payroll process is onerous, there is no getting around it. After years of doing it ourselves, my husband and I finally signed on with a local service, but it still wasn't easy or cheap. In fact, the difficulty of doing the right thing is one reason I contacted Ms. Breedlove. I fully expected her to tell me that we had been doing it wrong, so that I could write an article about getting it right.

Unfortunately, we weren't wrong. We did need an employer identification number, and immigration as well as bank and withholding documents from our sitters. Because we live in one of the 30 states that require all employers, including domestic employers, to have workman's compensation insurance, we had to apply for and pay for that. (Ms. Breedlove said the cost of that is about \$300 to \$800 a year; New Hampshire appears to be at the top end of that scale.) We needed to pay employer taxes, like unemployment and our share of Social Security and Medicare (about 10 percent on top of what we pay the babysitter).

And finally, once we gave up doing it ourselves, we had to pay the payroll service. Care.com charges \$175 a quarter for a single employee and \$75 for each additional employee; we pay a little less than that. If you have an accountant, that's another option, as are software products that help, most for an annual fee. (Find Ron Lieber's helpful walk-through of the process [here](#).)

All told, putting the babysitters on the books runs us more than \$1,000 a year. It does allow us to take certain income tax deductions, but they don't come close to covering the cost. Still, I don't consider it an optional expense, unless we want to declare the babysitters optional too. These are my friends and my colleagues, and my husband and I rely on their doing their job so that we can do ours — or sometimes, just so we can catch our breath. Like us, they deal with tantrums, they nag about homework, they leap in when the unexpected happens. We tell them how much we appreciate them all the time. It's only right that we should put our money where our mouths are.

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