

Questions from the chat for the HomePay session

1. Do you have to get your caregiver through care.com to use home pay? by Nancy

No. In fact, over 60% of HomePay clients find their caregivers through other sources.

2. My understanding is that private duty companies generally take care of their employees' payroll and taxes. Families simply pay the fee. Please clarify, does care.com separate the payroll function? With care.com is the family considered the employer as opposed to traditional private duty company who is considered the employer? by IAB

When using a home care agency, the agency dispatches their employees to the family's home and the family pays the home care agency.

When a family hires a caregiver directly, the caregiver is an employee of the family.

Care.com is a marketplace for matching families with a variety of different types of care solutions, including private caregivers.

When a family finds a private caregiver on Care.com, the caregiver works for the family. In this scenario, the family may have household employer obligations if they cross the quarterly wage threshold of \$1,000 (\$500 in NY and DC, \$750 in CA) or the annual threshold of \$2,300 (2021), \$2,400 (2022).

HomePay is an end-to-end solution that a family can choose to utilize if they would like to outsource all their payroll, tax, insurance, HR requirements.

There are several other household payroll services on the market. What sets HomePay apart is our comprehensiveness, expertise (30 years focused on eliminating work, worry and risk for families), and accuracy + satisfaction guarantee.

3. If working on a Federal holiday, should the worker be paid time and a half? by Barb I

This is not required by law, but holiday pay is usually included as part of the compensation package.

4. Live-in aide pay by check with no taxes paid for two years. I became POA and want to make aide an employee. Do we have to go back two years or can we just make aide an employee now and going forward? by Bernie

We always recommend the conservative approach which would be to go back and report past wages. However, it is ultimately the family's choice.

5. Private hire causes challenges when substitutes are needed, true? by Julie W

When hiring privately, it is important for families to have a plan for backup care is important. Our clients typically use an agency or family for backup care coverage.

6. A client's tax preparer said they could not take a medical deduction because the care provider is not doing medically required work but assisting with daily living tasks. by Susan

Per [IRS Publication 502](#), both nursing services and qualifying long-term care services qualify for the Medical Expense Deduction:

A. Nursing Services:

“You can include in medical expenses wages and other amounts you pay for nursing services. The services need not be performed by a nurse as long as the services are of a kind generally performed by a nurse. This includes services connected with caring for the patient's condition, such as giving medication or changing dressings, as well as bathing and grooming the patient. These services can be provided in your home or another care facility.

Generally, only the amount spent for nursing services is a medical expense. If the attendant also provides personal and household services, amounts paid to the attendant must be divided between the time spent performing household and personal services and the time spent for nursing services. For example, because of your medical condition, you pay a visiting nurse \$300 per week for medical and household services. She spends 10% of her time doing household services such as washing dishes and laundry. You can include only \$270 per week as medical expenses. The \$30 (10% × \$300) allocated to household services can't be included. However, certain maintenance or personal care services provided for qualified long-term care can be included in medical expenses. Additionally, certain expenses for household services or for the care of a qualifying individual incurred to allow you to work may qualify for the child and dependent care credit. See Pub. 503.

You can also include in medical expenses part of the amount you pay for that attendant's meals. Divide the food expense among the household members to find the cost of the attendant's food. Then divide that cost in the same manner as in the preceding paragraph. If you had to pay additional amounts for household upkeep because of the attendant, you can include the extra amounts with your medical expenses. This includes extra rent or utilities you pay because you moved to a larger apartment to provide space for the attendant.

Employment taxes. You can include as a medical expense social security tax, FUTA, Medicare tax, and state employment taxes you pay for an attendant who provides medical care. If the attendant also provides personal and household services, you can include as a medical expense only the amount of employment taxes paid for

medical services, as explained earlier. For information on employment tax responsibilities of household employers, see Pub. 926.”

B. **Qualifying long-term care services**

“Necessary diagnostic, preventive, therapeutic, curing, treating, mitigating, rehabilitative services,” as well as “**maintenance and personal care services** that are:

- Required by a **chronically ill** individual, and
- Provided pursuant to a plan of care prescribed by a licensed health care practitioner.”

Maintenance or personal care services: “care which has as its primary purpose the providing of a chronically ill individual with needed assistance with his or her disabilities (including protection from threats to health and safety due to severe cognitive impairment).”

Chronically ill: “within the previous 12 months, a licensed health care practitioner has certified that the individual meets either of the following descriptions:

A. He or she is unable to perform at least two activities of daily living without substantial assistance from another individual for at least 90 days, due to a loss of functional capacity. Activities of daily living are eating, toileting, transferring, bathing, dressing, and continence.

OR

B. He or she requires substantial supervision to be protected from threats to health and safety due to severe cognitive impairment.