



TAX BULLETIN 13-10

Virginia Department of Taxation

JULY 30, 2013

IMPORTANT INFORMATION REGARDING **VIRGINIA HOUSEHOLD EMPLOYER ANNUAL** **WITHHOLDING**

Legislation enacted during the 2012 General Assembly session created the opportunity for employers of household employees to file payroll and tax reports and pay the unemployment tax required by *Va. Code* § 60.2-511 on an annual basis with the Virginia Employment Commission ("VEC"), effective for wages paid on or after January 1, 2013.

In order to qualify for the annual filing, the employment must consist exclusively of household service in the private home of the employer, as defined in the Federal Employment Tax Regulations.

The legislation eliminated the requirement that an employer's total payroll in each calendar quarter may not exceed \$5,000. As a result of this legislation, household employers may file on an annual basis, regardless of the amount of total payroll. This change will be effective for wages paid on or after January 1, 2013, and the first annual withholding tax return under the amended law will be due on February 28, 2014.

HOUSEHOLD EMPLOYERS WHO ELECT TO WITHHOLD INCOME TAXES ANNUALLY

If a Virginia household employer wishes to file and pay the Virginia income tax withheld from their employees' salaries on an annual basis, he must register with the Department. In order to register for annual withholding, the employer must complete and file Form R-1H, Household Employer Annual Withholding Registration Form, with the Department. This registration may be completed at any time during the year. If the employer changes his address or permanently discontinues using household employees, he must send either a completed Form R-3, Registration Change Request, or a letter to the Department.

Annually, the employer will be required to file a Form VA-6H, the Household Employer's Annual or Final Summary of Virginia Income Tax Withheld Return. This form will also be

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used to report the payroll amounts for each quarter. If the employer has already filed withholding tax returns related to the applicable time period, any prior payments that were made with those returns will be applied to the new annual filing account, and will be reconciled on the Form VA-6H.

All household employers are required to electronically file an annual Form VA-6H, Household Employer's Annual Summary of Virginia Income Tax Withheld. In addition, all employers are required to electronically submit the equivalent of the state copy of the Forms W-2 and 1099 that were provided to each employee.

The employer must continue to file the annual return until he wishes to permanently close the account (i.e. because the employer moves out of state or the employer has permanently ceased to hire household employees). If the employer wishes to close the account, he must provide notification to the Department. After this notification has been received and the Department also receives the final return by the following February 28, the account will be closed.

If an employer fails to file a Household Employer's Annual or Final Summary of Virginia Income Tax Withheld Return by the due date of February 28, penalties and interest will apply in the same manner as for other withholding tax returns.

If you have additional questions, please visit the Department's website at <http://www.tax.virginia.gov> or contact us at (804) 367-8031.