



Why Short-Term Hires Still Require Labor & Tax Law Consideration

Bringing home a newborn is exciting, emotional, and exhausting all at once. For many families, hiring a Newborn Care Specialist (NCS) can provide much-needed support, education, and peace of mind during those first weeks at home.

Because most NCS placements are temporary, many parents assume payroll and tax rules do not apply. However, depending on how the position is structured, household employment and tax laws can apply very quickly.

Many NCS professionals operate as self-employed businesses, while others choose to work as employees of the family. In some situations, the structure of the role itself may require the family to classify the caregiver as a household employee under federal and state worker classification laws.

Understanding these rules before hiring can help families avoid surprises later and may also unlock valuable tax savings.

Why Short-Term NCS Placements Can Trigger Household Employment Rules

Newborn Care Specialists are highly skilled professionals, and with rates commonly starting around \$35+ per hour, many positions exceed household employment tax thresholds almost immediately.

Here's a simplified example:

- Duration: 12 weeks
- Schedule: 5 overnight shifts/week at 12 hours each
- Rate: \$35/hour
- Total Gross Wages: \$25,200

In this example, the family exceeds household employer tax thresholds within the very first weeks of employment.

Once a family crosses these thresholds, payroll taxes such as FICA and unemployment are generally assessed back to the first dollar earned under federal and state law. This means employee tax withholdings, employer tax filings, and required year-end tax documents for both employer and employee.

Legal Pay May Also Create Tax Savings

Many families initially focus on the added cost of payroll taxes. However, paying a household employee legally can also help families access tax advantages that are unavailable when care is paid "off the books".

Potential tax advantages may include:

- Dependent Care FSA: Families may be able to use pre-tax funds toward qualifying childcare expenses, including wages and certain employer taxes.
- Child & Dependent Care Tax Credit: Some families may also qualify for a tax credit on a portion of eligible care expenses.

A simplified example:

- Gross Pay: \$25,200
- Estimated Employer Taxes: \$2,800
- Total Cost Before Potential Tax Benefits: \$28,000
- Potential Tax Savings: \$3,000+
- Estimated Net Cost After Potential Tax Benefits: Approximately \$25,000

Payroll increases transparency and compliance, and it can help families access meaningful tax savings that are only available when household employees are paid legally.

Every Family's Situation Is Different

This example is intentionally simplified. Longer shifts, higher hourly rates, multiples, travel schedules, and state-specific labor laws can all add additional complexity to worker classification, overtime requirements, and payroll tax obligations.

That is why it is important to evaluate each hiring situation individually before care begins.

HomeWork Solutions Can Help

HomeWork Solutions offers free, no-obligation consultations to review your specific hiring situation and provide insight into applicable labor and tax laws.

Our three levels of household payroll and tax services are designed to make compliance simple by taking the administrative burden off your family, so you can spend your time focusing on your newest addition instead of paperwork and tax filings.

Whether you are still evaluating your options or already planning to hire an NCS, our experienced team is here to help you navigate the process with confidence.

Schedule your complimentary consultation today!

Call HomeWork Solutions today for your free consultation 1-877-899-3004