

# THE NANNYPAY EMPLOYER'S GUIDE: PAYING BY THE RULES

## Welcome to NannyPay!

*"The Easy Way to Pay Your Nanny"*

---

Welcome to the complicated world of child care. If this is the first time you are hiring a nanny, you will quickly learn that dependable in-home child care is not only expensive but hard to find.

Finding a trustworthy, competent nanny should be your first priority. But parents who choose to hire their own nanny will also need to expend significant effort wrestling with nanny tax provisions, social security regulations and, perhaps, even immigration laws.

NannyPay software is designed to make compliance with these laws easier by automatically calculating federal and state withholding taxes, and giving you the ability to print a weekly (or biweekly) pay stub for your nanny, and quarterly reports for your own records. Go to the section [Using NannyPay Software](#) for a detailed description of the program's features.

NannyPay's detailed and easy to understand "Employer's Guide" was prepared by people with first hand experience in grappling with the nuances of the nanny tax laws, and provides insightful tips and guidance for [Getting Started](#) on your way to paying by the rules. To make your life even easier, the NannyPay software package includes many of the necessary Internal Revenue Service (IRS) forms, as well as phone numbers of the [state withholding](#) and [unemployment departments](#).

Enter total regular hours your nanny has worked.

## AUTOMATIC BACKUP FEATURE

When you quit NannyPay, an automatic backup of your current file is created in the NannyPay application directory. If, in the unlikely event, your data file is corrupted, you can find its backup in the application directory under the name "backup.ndf." That file will contain all your previous transactions. You can open this file from within NannyPay by using the "Open" command on the [tool bar](#) or [file menu](#). If you wish to archive the backup make sure you copy both the "backup.ndf" and "backup.npf" files.

**IMPORTANT!** Keep in mind that the automatic backup overwrites the previous backup every time you quit NannyPay. If you have a problem with a file, make sure you restore it from the backup the next time you run NannyPay. If you don't, the backup file will be overwritten and lost when you quit the application.

Enter total over time hours your nanny has worked.

## **NANNYPAY DISCLAIMER**

This help file is provided for general information purposes only and is not intended to be, nor should it be construed as professional legal, financial or tax advice. You should always consult with a knowledgeable professional for your personal situation. See the Essentia Software Corporation [License](#) Agreement for more information.

# VERSION HISTORY

## v. 98b

- initial beta release

## v. 1.0.1

- initial public release

## v. 1.0.2

- minor bug fix to security routines

## v. 1.0.3

- minor bug fix to printing routines

## v. 1.5

- NannyPay 98 release - updated state and federal tax tables;
- interface enhancements added to preferences/settings;
- set up wizard added;
- clicking on any transaction in the current pay roll register will now show check date, check number, regular hours, and overtime hours for that transaction;
- manual update facility now permits entry of regular hours and over time hours;
- pay stub formatting refinements;
- various bug fixes;
- numerous interface refinements.

## v. 1.5.13 - January 14, 1998

- now incorporates new 1998 \$1,100 social security tax wage limit;
- help file changed to reflect changes in tax law for 1998;

## v. 1.5.14 - January 19, 1998

- bug fix: now reliably saves and retrieves state settings;
- Michigan tax tables updated to reflect 1998 changes.

## v. 1.5.15 - January 21, 1998

- current and year-to-date registers now synchronize on startup;
- help file changes.

The amount of income tax to be withheld from your nanny's pay will depend upon the filing status and exemptions claimed by your nanny on Form W-4. You should get the Form W-4 from your nanny on or before her first day of work. The W-4 certificate is in effect until your nanny files a new one. If your nanny gives you a new Form W-4, you must start using it no later than the first payroll period ending on or after 30 days from the date you receive it. You keep Form W-4 for your records; you do not send it to the IRS. Remember, you do not have to withhold federal income tax on wages paid to a household employee for services performed in or about a private home, unless the employee asks for it and you agree to it.

Form W-4 is also very important for running NannyPay software. You should take the information from your nanny's completed Form W-4 and check off the appropriate boxes in the Federal Withholding Options section of the NannyPay's [Set Up](#) window. The NannyPay program will then calculate the appropriate amount of federal withholding.

Any income tax withholding you pay for your nanny without deducting it from his or her wages is additional income subject to income, social security, and Medicare taxes. You must include it in boxes 1, 3, and 5 on the nanny's [Form W-2](#). You must also report this income on [Schedule H](#).

# CALCULATING YOUR NANNY'S WITHHOLDING TAX

## The Payroll Register Window

The Payroll Register Window consists of seven parts listed below. To learn more about each part, click on the one that interests you and then click on the illustrations.

- [Payment Settings](#)
- [Current Register](#)
- [Year-To-Date \(YTD\) Register](#)
- [Quarterly Register](#)
- [Register Views](#)
- [Calculate Withholding](#)
- [Payroll Register Tool Bar](#)

### Payment Settings

Hours Worked		Pay Period Ending		Payment Method	
Regular:	<input type="text" value="40"/>	<input type="text" value="06/17/97"/>	<input checked="" type="radio"/> Cash	Check Date:	<input type="text"/>
Overtime:	<input type="text" value="0"/>	(mm/dd/yy)	<input type="radio"/> Check	Check Number:	<input type="text" value="Cash"/>

### Current Register

Current Payments - Joan Doe										
Date	Gross	SSA	Med	Fed	State	Local	UC	EIC	Other	Net
8/04/97	200.00	12.40	2.90	22.35	5.60	0.00	0.00	0.00	0.00	156.75
8/05/97	200.00	12.40	2.90	22.35	5.60	0.00	8.00	0.00	10.00	138.75
8/06/97	200.00	12.40	2.90	22.35	5.60	0.00	8.00	0.00	10.00	138.75
8/13/97	200.00	12.40	2.90	22.35	5.60	0.00	8.00	0.00	10.00	138.75

### Year-To-Date (YTD) Register


Year-To-Date Payments										
Date	Gross	SSA	Med	Fed	State	Local	UC	EIC	Other	Net
8/13/97	1450.00	62.00	14.50	111.75	28.00	0.00	32.00	0.00	40.00	1011.75


### Quarterly Register

Quarterly Payments										
Quarter	Gross	SSA	Med	Fed	State	Local	UC	EIC	Other	Net
First	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Second	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Third	1650.00	74.40	17.40	134.10	33.60	0.00	40.00	0.00	50.00	1150.50
Fourth	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

### Register Views



Show YTD and Quarterly Registers 

Show Current Register Only 

**Calculate Withholding**

 **NannyPay 97** Calculate Withholding 

**Payroll Register Tool Bar**

# RUNNING NANNYPAY REPORTS

NannyPay software is capable of generating two kinds of reports: [Pay Stubs](#) and [Quarterly Reports](#).

## Pay Stubs

The NannyPay Pay Stub is similar in contents to the typical pay stub generated by commercial employers or payroll services. It contains the following information:

Employer's name, address, and telephone number  
Employer's [EIN](#) number

Employee's name, address, and telephone number  
Employee's social security number (SSN)

The Pay Period date  
Check number  
Check date

Current and YTD Gross Earnings  
Current and YTD Hours  
Current and YTD Overtime (OT) Hours

All Current and YTD Deductions

Current and YTD Total Deductions  
Current and YTD Net Pay

To print your nanny's pay stub, simply select the payroll period you wish to print by clicking on the current register. Typically, this would be your last entry. Then click "print" in the File [menu](#), or click the print button on the [tool bar](#). You will then be presented with a standard Windows 95 print dialog box.

## Quarterly Reports

NannyPay's Quarterly reports track quarterly salary payments and deductions for state reporting purposes, if necessary. The NannyPay Quarterly Report contains the following information:

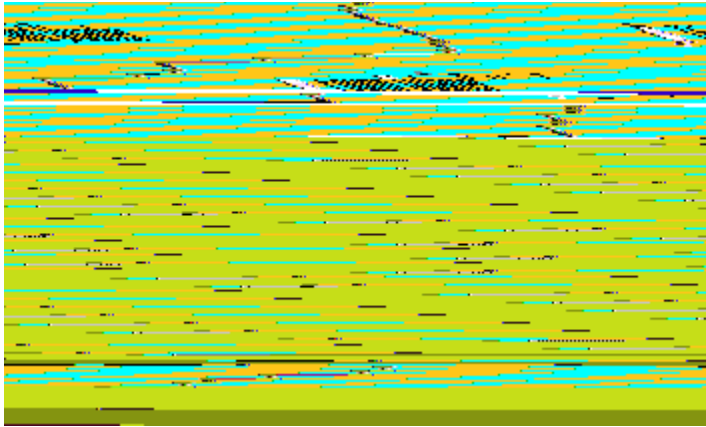
Employer's name, address, and telephone number  
Employer's [EIN](#) number

Employee's name, address, and telephone number  
Employee's social security number (SSN)

The relevant quarter

Quarterly Gross Earnings  
All Quarterly Deductions

To print a quarterly report go to the "File Menu" and click on "Print Quarterly Report." You will then be presented with the following window:



Choose the quarterly report you wish to print and then click "Print." You will then be presented with the standard Windows 95 print dialog box.

# MENUS

## Set Up Window

### **File Menu**

[New](#)  
[Open](#)  
[Save As](#)  
[Quit](#)

### **Edit Menu**

[Cut](#)  
[Copy](#)  
[Paste](#)  
[Undo](#)  
[Set Up Wizard](#)

### **Window Menu**

[Pay Now](#)

### **Help Menu**

[NannyPay Employer's Guide](#)  
[Contents](#)  
[Search Contents](#)  
[About NannyPay](#)  
[Essentia License](#)  
[Ordering NannyPay](#)  
[Register NannyPay](#)

## Payroll Register Window

### **File Menu**

[Open](#)  
[Save As](#)  
[Print Pay Stub](#)  
[Print Quarterly Report](#)  
[Quit](#)

### **Edit Menu**

[Cut](#)  
[Copy](#)  
[Paste](#)  
[Undo](#)  
[Update Registers](#)  
[Delete Entry](#)

### **Calculate Menu**

[Calculate Withholding](#)

### **Window Menu**

[Show Current Register Only](#)  
[Show YTD and Quarterly Registers](#)  
[Show Set Up](#)

**Help Menu**[NannyPay Employer's Guide](#)[Contents](#)[Search Contents](#)[About NannyPay](#)[Essentia License](#)[Ordering Nanny Pay](#)[Register NannyPay](#)

## **INSTALLING NANNYPAY SOFTWARE**

NannyPay software should be installed in its own directory. NannyPay data files (those files with extensions ".ndf" and ".npf") do not have to reside in the same directory as the NannyPay program. The NannyPay online help files (those files with extensions ".hlp", ".cnt", and ".GID"), however, should remain in the same directory as the NannyPay program file ("NP32.exe") and they should not be renamed.

### **THE FIRST TIME USER**

[Click to see the NannyPay Employer's Guide, a step-by-step guide on how to pay your nanny according to the rules.](#)

## **GETTING STARTED USING NANNYPAY SOFTWARE**

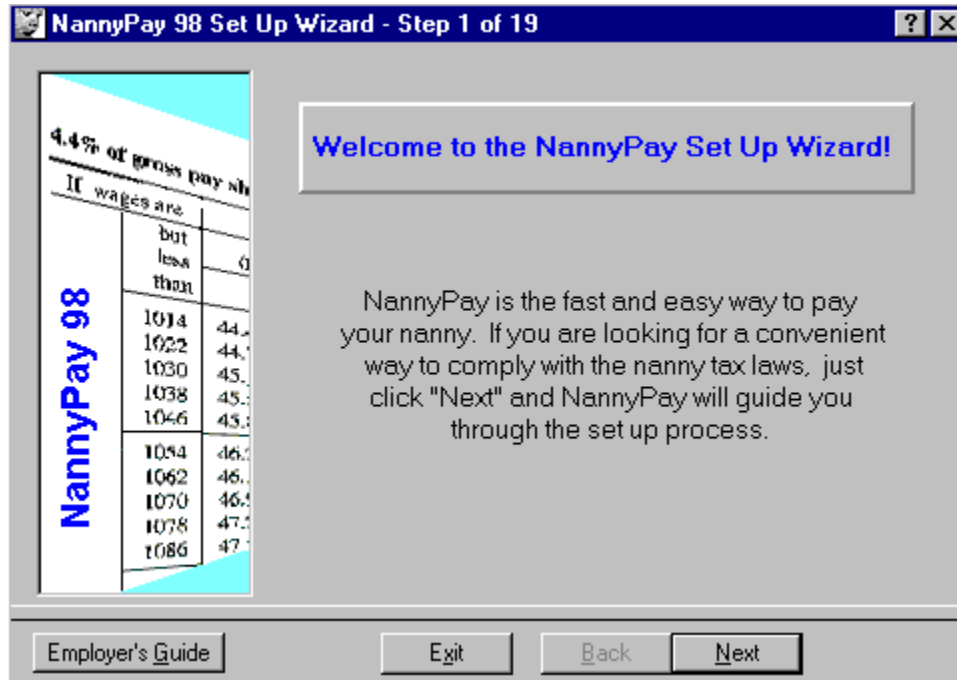
The process of learning your federal and state withholding tax procedures is complicated enough, particularly if you've never run your own business and paid your own employees. You don't want your life further complicated by complex software. Essentia has made every effort to make NannyPay software as easy and intuitive as possible. There are not a lot of commands to learn or windows to wade through. In fact, NannyPay has only two main windows: a Set Up window for entering tax information, and a Payroll Register window for calculating your Nanny's withholding.

### **INSTALLING NANNYPAY**



## OPENING NANNYPAY FOR THE FIRST TIME: THE NANNYPAY SET UP WIZARD

The first time you open NannyPay, you will be presented with NannyPay's Set Up Wizard. The wizard is similar to those you may have used in other Windows programs. For each page, simply fill in the information according to the instructions and then click "Next" to move to the next page. You may go backwards at any time by clicking "Back." Below, are two sample screen shots of the Set Up Wizard. To learn about the wizard, click on the parts that interest you.



**NannyPay 98 Set Up Wizard - Step 3 of 19**

### Employer's Name and Address

Fill in your name, address, and telephone number below. NannyPay requires this information for printing your nanny's pay stubs and your quarterly reports.

Employer's Name:

Street Address:

City, State and Zip:

Telephone Number:

Buttons:

4.4% of gross pay sh	
If wages are	
but less than	0
1014	44.4
1022	44.4
1030	45.0
1038	45.0
1046	45.0
1054	46.0
1062	46.0
1070	46.0
1078	47.0
1086	47.0

**NannyPay 98**

When you're done, click "Finish," NannyPay will prompt you to save your file, which may be named anything you wish and may be saved in any directory on your hard drive. We recommend that you save the file under your nanny's name and year. For example, "MJones97". That way, you will easily identify your salary records should you need to access them for reporting purposes. Once you save your file, NannyPay will automatically open it each time you start up NannyPay. Should you move or rename it, NannyPay will prompt you to find the file. When you open NannyPay after your first set up, the pay roll register window will automatically open.

You can also change your settings at any time using the NannyPay Set Up Wizard, although they may also be changed by directly editing the [settings window](#).

[Click to show the Essentia Software Corporation NannyPay License Agreement and Disclaimer.](#)

## **GETTING STARTED PAYING YOUR NANNY**

Although getting started may at first seem overwhelming, we have made it simple by breaking the process down into four easy steps.

**STEP 1: [Determining Your Nanny's Employment Eligibility](#)**

**STEP 2: [Registering with the IRS and State Revenue Departments](#)**

**STEP 3: [Determining What Taxes You Must Withhold](#)**

**STEP 4: [Learning About Your Other Obligations](#)**

Click to see a sample NannyPay file. You may view the file, change it, and try all the NannyPay features. Your changes will be automatically saved.

## Step 1: Determining Your Nanny's Employment Eligibility

\_\_\_\_\_ Can your nanny legally work for you? This issue is all too often overlooked but should be the first question any [Household Employer](#) should ask. It is unlawful to employ any person as a nanny who cannot legally work in the United States. When you hire a nanny to work for you on a regular basis, **you** are responsible for verifying that this person is legally eligible to work in the United States. You and the employee must each complete part of the Immigration and Naturalization Service (INS) [Form I-9](#), Employment Eligibility Verification. You must verify that the employee is either a U.S. citizen or an alien who can legally work in the United States and you must keep [Form I-9](#) for your records. A copy of [Form I-9](#) is included with the program in PDF (Portable Document Format) format. You can also get the form and the INS Handbook for Employers by calling the INS at 1-800-755-0777.

To fill out [Form I-9](#), your nanny must give you his or her complete name and social security number (SSN). Later, you will also need your nanny's SSN to complete [Form W-2](#). If your nanny does not have an SSN, this may be a clue that she can not work legally in the United States since tax laws now require every U.S.-born citizen to apply for an SSN before the end of the calendar year in which they were born. In any event, eligible persons can get an SSN by completing [Form SS-5](#), Application for a Social Security Card.

If you've just hired a nanny, chances are you have just become what the law calls a "household employer".

If you hire someone to do domestic work such as child care, and you are able to control what work they do and how they do it, you are a household employer. If the individuals who work for you are self-employed, however, you are not liable for any of the taxes discussed in this program. Self-employed persons are in business for themselves. An example of a self-employed person is the owner of a day care center where you leave your child. This person would not be an employee of parents who use that center. Also, people who work for you in your trade or business are not household employees. An in-home nanny in virtually all cases will be considered your household employee. Other types of household employees may include the neighbor who babysits for you on weekends, the person who cleans your house every week, or even the neighbor who cuts your lawn using your lawnmower and tools.

For more information on who is or is not an "employee" under the law, read *Caregivers Who Are Not Your Household Employees* and get IRS Publications 926, 937 and 15 (also known as Circular E).

## Step 2: Registering with the IRS and State Revenue Department

Once you have verified that your nanny can legally work for you, your next step is to register with the Internal Revenue Service (IRS) as a [Household Employer](#). You do this by completing [Form SS-4](#) and sending it to the IRS. The IRS will then assign you an Employer Identification Number, or [EIN](#). An EIN is the number used to identify you as an employer, and will be placed on all your tax filings as an employer much like your social security number is used to identify you as an employee, and placed on your annual individual income tax return.

At the same time you apply for an EIN, you should also contact your state revenue department and register with it as an employer. The telephone numbers and addresses for all fifty state withholding departments are conveniently listed in the [State Withholding Tax Agencies](#) section.

### [New Hire Reporting Requirements](#)

Effective January 1, 1998, the federal Personal Responsibility and Work Opportunity Act of 1996 (federal welfare reform law) requires all employers to report information on newly-hired employees. This report must be made to the agency designated by your state to receive this information. The purpose of the New Hire reporting requirements is to enable the government to keep track of non-custodial parents to ensure children receive the financial support they deserve from both parents.

The new federal law requires all employers, regardless of size or type of business, to comply with the New Hire reporting requirements. You are required to obtain from your nanny and report to the agency designated by your state your name, address and information on how to contact you, as well as your nanny's name, address, social security number, date of birth and date of hire. This information must be submitted to your state within 20 days of the date you hire your nanny. You do not send this information to the IRS or federal government.

You should obtain information on how and where to report information on your new nanny at the time you first register as a Household Employer. If you are currently registered as an employer, you should receive information in the mail from your state in early 1998 on how to report new hires in the future. Call the telephone numbers listed in the State Withholding Agencies section for more information.



Form I-9 is the Employment Eligibility Verification form used by the U.S. Immigration and Naturalization Service (INS) to verify that a person can legally work in the United States. You must have your new nanny complete and sign section 1 of Form I-9 at the time he or she is hired by you. You are responsible for reviewing and ensuring that your new nanny fully and properly completes section 1 of the form, and that you examine the documentation (such as a social security card) presented by your nanny proving that she can legally work for you. The form describes what types of documents your nanny can show you to verify his or her eligibility to work in the United States. You must then complete section 2 of that form. You must keep your nanny's completed Form I-9 for at least 3 years after the date she begins working for you, or 1 year after your nanny stops working for you, whichever is later. You keep Form I-9 for your records. You do not send this form to the INS or Internal Revenue Service.

## Step 3: Determining What Taxes You Must Withhold

**If your nanny earns more than \$1,100 per year, you must withhold medicare and social security taxes, commonly referred to as FICA.**

If you will pay your nanny more than \$1,100 this year in gross wages, you are required by federal law to withhold and pay social security and medicare taxes, which are sometimes collectively referred to as [FICA](#) taxes. One half of the total FICA tax you owe the government is withheld from your nanny's wages. NannyPay will automatically calculate the correct amount of FICA withholding. See [Setting Up NannyPay](#). You will pay your half of the tax when you file your federal tax return.

**You are not obligated to withhold federal income tax from your nanny's wages unless you both agree.**

If both you and your nanny agree, you may also withhold federal income tax from your nanny's wages; otherwise, you have no obligation to withhold federal income tax. You will also learn that most states follow this rule as well. Of course, your nanny will still be responsible for paying federal and any state income taxes on the [cash wages](#) he or she receives from you. To help your nanny avoid a hefty tax bill at the end of the year, we recommend that you withhold both federal and state income taxes. NannyPay supports all 50 states.

If you have enabled the appropriate settings, the NannyPay software will automatically calculate the amount of federal and state income taxes you must withhold from your nanny's pay. Some local taxing authorities are supported as well! See [Setting Up NannyPay](#).

**If you and your nanny agree to withhold federal income tax, then your nanny is required to provide you with a completed federal W-4 form.**

Your nanny must complete a [Form W-4](#) to permit you to withhold income tax. NannyPay software will automatically determine the right amount of withholding based upon the number of exemptions and marital status your nanny claims. You should get the Form W-4 on or before your nanny's first day of work. The W-4 certificate is in effect until your nanny files a new one. If your nanny gives you a new Form W-4, you must start using it no later than the first payroll period ending on or after 30 days from the date you receive it. Remember, you do not have to withhold federal income tax on wages paid to your nanny, unless your nanny asks for it and you agree.

**You should determine your nanny's eligibility for Advance Earned Income Credit Payments (EIC).**

Although technically not a withholding issue, Advance [EIC](#) payments can be considered a credit against withholding. Your nanny is only eligible for EIC payments if she provides you with a [Form W-5](#). NannyPay software will calculate the correct amount of Advance EIC payments to be made to your nanny if this feature is enabled. See [Advance Earned Income Credit \(EIC\)](#) and [Setting Up NannyPay, Federal Withholding Options](#).

## **You should determine your state and local withholding obligations.**

Following the federal rule, most states do not require you to withhold state income tax from your nanny's wages unless you both agree. Your state may also have unemployment compensation withholding requirements or other employer obligations such as workers' compensation insurance. Similarly, local municipalities may have withholding rules that apply to you. You should verify your own state's rules with your [state revenue department](#), [state unemployment compensation board](#), and other appropriate agencies.

NannyPay software supports income tax withholding for all fifty states and some major cities. See [Setting Up NannyPay](#).

## Step 4: Learning About Your Other Obligations

You now have all the information in place that you need to start paying your nanny and complying with your withholding obligations. Having withheld money from your nanny, it's time to take stock of **your** obligation to pay the government. You may owe the government:

- the money you withheld from your nanny's pay;
- your share of [FICA](#) taxes;
- your [FUTA](#) tax obligation; and
- state employment tax obligations

Now is a good time to learn more about some of these Nanny Tax obligations. See ["Paying the Government."](#)

EIN stands for "Employer Identification Number". The IRS uses an EIN to keep track of the taxes you owe and pay as an employer, much like it uses your social security number to keep track of your individual (personal) taxes. If you do not have an EIN, get IRS [Form SS-4](#), Application for Employer Identification Number.

You may enter "Applied For" in the NannyPay software Set Up Window if you don't have an EIN number by the time you start using NannyPay. See [Setting Up NannyPay Software](#) for more information.

The Federal Insurance Contributions Act (FICA) provides for a federal system of old age, retirement, disability, and health benefits for workers and their families. This system is financed through Social Security and Medicare taxes. You and your nanny pay equal amounts for these taxes.

For Social Security, the tax rate is 6.2% each for you and your nanny on the first \$68,400. of wages. For Medicare, the rate is 1.45% each on all wages. If you do not deduct your nanny's share from his or her wages, you must pay the nanny's share of this tax as well as your share (a total of 12.4% for Social Security and 2.9% for Medicare). NannyPay automatically calculates the amount of FICA taxes you must withhold from your nanny's pay.

## WHAT ARE MY NANNY TAX RESPONSIBILITIES?

If you are required to report and pay employment taxes, you will need an employer-identification number, or [EIN](#). An EIN is a nine-digit number issued by the IRS. [EINs](#) follow the following format: 00-0000000. You apply for an [EIN](#) by completing [Form SS-4](#) and mailing it to the IRS. A copy of Form SS-4 is included with the NannyPay software package.

In the new year, you must also provide to your nanny a [Form W-2](#), which reflects wages paid to your nanny and taxes withheld during the previous year. You must send the completed [Form W-2](#) to both the Internal Revenue Service and the Social Security Administration (SSA). Beginning in 1998, you must also file a [Form W-3](#), along with your Form W-2's. These forms must be filed (sent) to your nanny, the IRS, and the SSA no later than January 31 of the year following the year in which the wages were paid. In other words, you must do this by January 31, 1999 for wages paid in 1998.

You may also have to make advance [Earned Income Credit \(EIC\)](#) payments to your nanny if he or she is eligible and provides you a properly completed [Form W-5](#). NannyPay software will make EIC calculations, if you choose the appropriate federal option. See [Setting Up NannyPay Software](#). EIC payments made to your nanny will reduce the amount of social security, Medicare and federal income taxes you need to pay to the IRS at the end of the year.

If you give your nanny a copy of [Form W-2](#) by February 2, 1998, this form has a notice about the EIC on the back. If you do not, you are required to provide your nanny with a separate notice about the EIC, known as [Notice 797](#), no later than February 9, 1998.

Make sure you keep and retain accurate [records](#) in case the tax man cometh!

The Federal Unemployment Tax Act, also known as FUTA, together with state unemployment systems, provides for payments of unemployment compensation to workers who have lost their jobs. Most employers pay both a federal and state unemployment tax.

Those employers who pay their nannies \$1,000 or more a quarter are responsible for paying FUTA. This tax amounts to 6.2% of the first \$7,000 earned by the nanny. This tax is only paid by you; you do not withhold any part of it from your nanny's wages. You may be able to take a credit of up to 5.4% against the FUTA tax, resulting in a net tax rate of 0.89%, if you made contributions to your state unemployment compensation system. But to do so, you generally must pay all the required contributions for the current tax year to your state unemployment fund by April 15 of the following year.

You really do not need to worry about FUTA until the end of the year. Your portion of [FICA](#) and FUTA, as well as the amounts you withheld from your nanny's pay throughout the year, are paid by you to the IRS annually. [See "Paying the Government"](#) for more information.



Click to continue setting up NannyPay.

# SETTING UP NANNYPAY SOFTWARE

## The Set Up Window

The Set Up Window permits you to enter and edit settings NannyPay requires to calculate withholding taxes. Settings may be edited directly by changing the text in each box, or they may be edited using the NannyPay [Set Up Wizard](#), which can be invoked from the Edit menu of the Set Up Window. To learn more about the available settings, click on the one that interests you and then click on the illustrations.

[Employer Information](#)

[Employee Information](#)

[Federal Options](#)

[State Options](#)

[Payment Options](#)

[Pay Now](#)

[Set Up Tool Bar](#)

## Employer Information

Employer	Employee	Federal	State	Pennsylvania	Payment
Employer's Name <input type="text" value="George Smith"/>					
Street Address <input type="text" value="123 Main Street"/>					
City, State and Zip <input type="text" value="Philadelphia, PA 19101"/>					
Telephone Number <input type="text" value="215-098-7654"/>					
EIN <input type="text" value="Applied For"/>					

## Employee Information

Employer	Employee	Federal	State	Pennsylvania	Payment
Employee's Name <input type="text" value="Joann Nanny"/>					
Street Address <input type="text" value="098 Center Street"/>					
City, State and Zip <input type="text" value="Philadelphia, PA 19101"/>					
Telephone Number <input type="text" value="215-123-3456"/>					
Social Security No. <input type="text" value="098-76-5432"/>					

## Federal Options

Employer	Employee	<b>Federal</b>	State	Pennsylvania	Payment
----------	----------	----------------	-------	--------------	---------

I have a voluntary agreement with my Nanny to withhold federal income tax.

My Nanny will earn less than \$1000 this year so I choose not to withhold social security tax.

My Nanny is eligible for Advance EIC Payments.

Federal Allowances

Number of Allowances

Employee Filing Status

Married

Single

EIC Options

My Nanny is single, or married and her spouse has not filed a W-5 Certificate.

My Nanny is married and both spouses filed a W-5 Certificate.

## State Options

Employer	Employee	Federal	State	<b>Pennsylvania</b>	Payment
----------	----------	---------	-------	---------------------	---------

I have a voluntary agreement with my Nanny to withhold state income tax.

State

UC Rate

Other Deductions

Employer	Employee	Federal	State	<b>Pennsylvania</b>	Payment
----------	----------	---------	-------	---------------------	---------

Philadelphia Wage Tax

I am a resident of Philadelphia

My Nanny is a resident of Philadelphia.

My Nanny is not a resident of Philadelphia.

## Payment Options

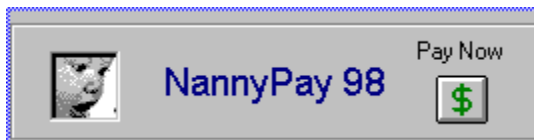
Employer	Employee	Federal	State	Pennsylvania	Payment
----------	----------	---------	-------	--------------	---------

I pay my Nanny weekly.

I pay my Nanny biweekly (every two weeks ).

Hourly Rate

## Pay Now



## Set Up Tool Bar



Fill in this area with information about your nanny. Your nanny's name is required. NannyPay will not permit you to calculate withholding without providing your nanny's name. All the other information is optional, however, we recommend that you fill it in for your nanny's pay stub and your quarterly reports.

[Click here to to order your copy of NannyPay.](#) This option will not be visible if you have already registered your copy of NannyPay.

An employee who is eligible for the Earned Income Credit (EIC) and who has a qualifying child may be entitled to receive EIC payments with his or her pay during the year. You are required to make advance Earned Income Credit (EIC) payments to your nanny if he or she is eligible and provides you a properly completed [Form W-5](#). It is your nanny's responsibility to give you this form.

You may be responsible for giving your nanny notice about the EIC unless you give him or her a copy of [Form W-2](#) by February 2, 1998, which has a notice on the back. You do not have to give your nanny any other notice. Otherwise, if you agree to withhold your nanny's federal income tax and you determine, using NannyPay, that no income tax need be withheld, then you must give your nanny a notice about the EIC. In any event, the IRS encourages all employers to provide an EIC notice to employees whose wages are less than \$29,290.

If you must make advance EIC payments to your nanny, NannyPay software will automatically calculate them and add your nanny's advance EIC payment to his or her net pay. NannyPay also separately tracks in its quarterly reports, the amount of advance EIC payments you make throughout the year to assist you in completing your year end tax return. Any EIC payments made to your nanny during the year will reduce the amount of social security and Medicare taxes and withheld federal income tax you need to pay at the end of the year to the IRS as part of your own income tax return.

For more information about the EIC, read IRS Publication 15, also known as Circular E (Employer's Tax Guide), a copy of which is included with this program.

Federal law does not require you to withhold income tax from your Nanny's salary unless you both agree to withhold. See ["Determining What Taxes You Must Withhold"](#) If you check this box, NannyPay will calculate the appropriate amount of withholding.



## **RULES FOR BUSINESS EMPLOYERS**

For self-employed parents, you do not have to use [Schedule H](#) to calculate and remit your nanny taxes if you chose to report employment taxes for your household employees along with your other employees on Form 941, Employer's Quarterly Federal Tax Return, or Form 943, Employer's Annual Tax Return for Agricultural Employees. If you report this way, be sure to include your household employees' wages on your Form 940 (or 940-EZ), Employer's Annual Federal Unemployment ([FUTA](#)) Tax Return.

Form W-5 is the Earned Income Credit Advance Payment Certificate. Certain workers can take the Earned Income Credit, or EIC, on their federal income tax return. This credit reduces their tax or allows them to receive a payment from the IRS if they do not owe tax. If you are a [Household Employer](#) and employ a nanny, you may have to make advance payments of the EIC to your nanny. See the [Earned Income Credit](#) section for more information.

## PAYING THE GOVERNMENT

Recent changes in federal law have eliminated some of the paperwork burden on [Household Employers](#). For example, the need to file quarterly tax returns has been eliminated; you now pay your nanny taxes as part of your own annual federal income tax filing, using Form 1040 or 1040A and attaching a completed [Schedule H](#). For tax years 1996 and 1997, nanny taxes can be paid in one lump sum at tax time without penalty. Starting with 1998, however, [Household Employers](#) must either increase their own withholding with their own employers, or go back to making quarterly estimated tax payments to cover their nanny tax liability, or risk being hit with a penalty for underwithholding. So much for tax law simplification!

While the IRS has simplified the federal nanny tax provisions, there has been little simplification at the state level. Most states have an income tax as well, and may require you to withhold a certain amount from your nanny's pay each week and submit that money on a quarterly, or maybe even a monthly, basis. You probably have to pay contributions to your state unemployment fund as well.

Although you will probably hear eventually from your state revenue department when you apply to the IRS for an [EIN](#), you should contact your state revenue department and unemployment tax agency right away. You should also find out if you need to pay or collect other state employment taxes or carry workers' compensation insurance.

A complete listing of state withholding department addresses and telephone numbers is found in the [State Withholding Tax Agencies](#) section.

If your nanny is a U.S. citizen and does not have a social security number, he or she can get one by filling out Form SS-5 and sending it to the local SSA office. You will need your nanny's social security number to report income and tax information to the IRS and Social Security Administration. A copy of Form SS-5 is included with the NannyPay software. You can also get Form SS-5 at any Social Security Administration (SSA) office or by calling 1-800-772-1213.

Federal law does not require you to withhold social security and medicare taxes unless your Nanny's annual gross salary is greater than \$1100. See ["Determining What Taxes You Must Withhold"](#) Check this box, if you will not be paying your Nanny more than \$1100 this year.

Click on "Contents" to see the table of contents of NannyPay's online help.

## IRS RECORDKEEPING

As a [Household Employer](#), you must keep all your records on your nanny's income and employment taxes, including social security, medicare, federal unemployment taxes, federal income tax withholding, and advance payment of earned income credit, for at least 4 years after the due date of the return or after the tax is paid, whichever is later. Your records should contain:

Your employer identification number ([EIN](#))

Copies of returns you have filed

Dates and amounts of any deposits or payments you made

Each nanny's name, address, and social security number

Dates each nanny was employed

Copies of each nanny's withholding allowance certificate ([Form W-4](#))

Copies of each nanny's [Form W-5](#)

Amount of social security and Medicare taxes collected for each payment, the date collected

The reason why the wage payment and amount subject to [FICA](#), [FUTA](#), or federal income tax withholding are not equal, if applicable.

Cash wages include wages paid by checks, money orders, etc. Cash wages generally do not include the value of food, lodging, clothing, or other noncash items you give a household employee. If you are withholding tax for an employee, almost everything you pay or give your employee for work done is income from which tax must be withheld. Enter the total amount withheld in the appropriate box on the employee's [Form W-2](#). Wages generally include: salaries, vacation allowance, bonuses, meals, lodging, clothing, bus and train tokens, and other noncash items. [See IRS Publications 15 and 926 for more details.](#)



# IRS PUBLICATIONS AND FORMS

The following is a listing of IRS Publications, Forms and Notices that contain information you may need as a [Household Employer](#):

## **Publications**

- 15 (Circular E) Employer's Tax Guide
- 926 Employment Taxes for Household Employers
- 937 Employment Taxes and Information Returns

## **Forms (and Instructions)**

- SS-4 Application for Employer Identification Number
- SS-5 Application for a Social Security Card
- W-2 Wage and Tax Statement
- W-3 Transmittal of Income and Tax Statements
- W-4 Employee's Withholding Allowance Certificate
- W-5 Earned Income Credit Advance Payment Certificate
- W-10 Dependent Care Provider's Identification and Certification
- 2441 Child and Dependent Care Expenses

## **Schedules**

- Schedule H Household Employer Taxes

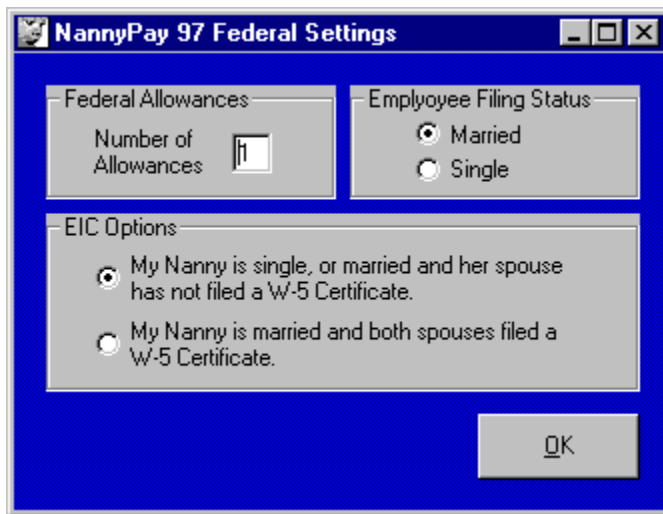
## **Notices**

- 797 Possible Federal Tax Refund Due to the Earned Income Credit

A W-2 form is used by employers to report to your nanny and the government the amount of cash wages paid to your nanny and deductions withheld. You must file Form W-2 for each household employee to whom you paid \$1,100 or more of cash wages in any calendar year that are subject to Social Security and Medicare taxes. To find out if the wages are subject to these taxes, you should read the instructions for [Schedule H](#). If the wages are not subject to these taxes but you withheld Federal income tax from the wages of any household employee, you must still file a Form W-2 for that employee.

An employee who is eligible for the Earned Income Credit (EIC) and who has a qualifying child may be entitled to receive EIC payments with his or her pay during the year. You are required to make advance Earned Income Credit (EIC) payments to your nanny if he or she is eligible and provides you a properly completed Form W-5. It is your nanny's responsibility to give you this form.

Clicking this button will present you with the following window for entering additional settings for calculating federal withholding. Information concerning the number of allowances claimed by your nanny and her filing status can be obtained from your Nanny's federal [W-4 form](#). Failure to enter this information may result in inaccurate withholding calculations. If the [EIC](#) option is not checked in the main settings window, the additional EIC options in this window will be dimmed and disabled.



The image shows a Windows-style dialog box titled "NannyPay 97 Federal Settings". It contains three main sections: "Federal Allowances" with a spin box set to 1; "Employee Filing Status" with radio buttons for "Married" (selected) and "Single"; and "EIC Options" with two radio button options: "My Nanny is single, or married and her spouse has not filed a W-5 Certificate." (selected) and "My Nanny is married and both spouses filed a W-5 Certificate." An "OK" button is located at the bottom right.

Section	Field/Option	Value/Status
Federal Allowances	Number of Allowances	1
	Employee Filing Status	Married (selected)
EIC Options	My Nanny is single, or married and her spouse has not filed a W-5 Certificate.	(selected)
	My Nanny is married and both spouses filed a W-5 Certificate.	(disabled)

## NANNYTAX RELIEF AND CREDITS

Flexible-spending accounts (FSA) offered as an employee benefit by some larger companies allow people to set aside pretax dollars to reimburse themselves for child-care expenses. Parents may currently set aside a combined maximum of \$5,000 even if both have their own dependent-care accounts. The savings equal the taxes they would have paid on these funds. There is one catch (isn't there always?) -- if you don't have enough reimbursable expenses submitted for any given year, the excess money is forfeited to your company. Therefore, you want to make sure you do not set aside more money than you need because you must "use it, or lose it".

Even if your employer does not offer a dependent care FSA, you may be able to claim a \$5,000. child care credit on your federal tax return. In either case, you should complete [Form 2441](#) and attach it to your annual tax return to either claim the credit or report FSA monies. If you use an FSA, the amount of money you set aside will appear on your [Form W-2](#) as child care benefits, and you must complete [Form 2441](#) to ensure these "benefits" (your money) are not taxed.

Essentia recommends that you consult a tax professional to make sure that you obtain the full benefits to which you are entitled.

Form SS-4 is the Application for [Employer Identification Number](#), or EIN. You need an EIN to report and remit employment taxes for your nanny and to give tax statements to your nanny. You must use your EIN on all items you send to the Internal Revenue Service (IRS) or the Social Security Administration (SSA).

Fill out and mail Form SS-4 to the IRS to obtain an EIN. If you do not have your own EIN by the time a return is due, write "Applied for" and the date you submitted Form SS-4 in the space shown for the number.

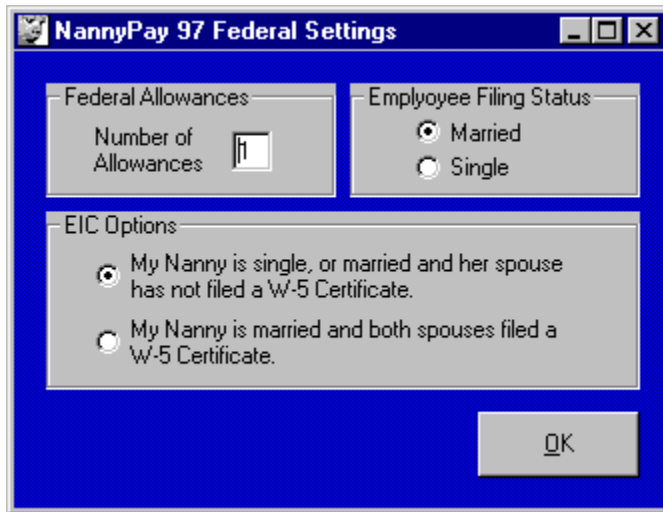
Form W-10 is the Internal Revenue Services's (IRS) Dependent Care Provider's Identification and Certification form. You want your nanny to complete this form if you plan to claim a credit for child and dependent care expenses on your annual federal tax return or receive benefits under your own employer's dependent care benefits plan. Additional instructions appear on the form itself.

You do not file Form W-10 with the IRS or include it with your tax return. Instead, you keep it for your records. You use the information from Form W-10 to complete Form 2441, Child and Dependent Care Expenses, or Schedule 2 for Form 1040A Filers, which you do file with your annual federal tax return. A copy of Form W-10 is included with the program.

Click here to see additional settings for your state. You will need to obtain your state's withholding information to select the correct options. Not all states have additional settings, and some states will use the settings entered for federal withholding. See [State Withholding Tax Agencies](#) for addresses and telephone numbers where you can obtain information about your state's withholding requirements.



Clicking here will present you with the following window for entering additional settings for calculating federal withholding. Information concerning the number of allowances claimed by your nanny and her filing status can be obtained from your Nanny's federal [W-4 form](#). Failure to enter this information may result in inaccurate withholding calculations. If the [EIC](#) option is not checked in the main settings window, the additional EIC options in this window will be dimmed and disabled.



The image shows a Windows-style dialog box titled "NannyPay 97 Federal Settings". It has a blue title bar with standard window controls (minimize, maximize, close). The dialog is divided into three main sections:

- Federal Allowances:** Contains a label "Number of Allowances" and a small text input field with the number "1" entered.
- Employee Filing Status:** Contains two radio button options: "Married" (which is selected) and "Single".
- EIC Options:** Contains two radio button options:
  - "My Nanny is single, or married and her spouse has not filed a W-5 Certificate." (This option is selected)
  - "My Nanny is married and both spouses filed a W-5 Certificate." (This option is dimmed)

At the bottom right of the dialog is an "OK" button.

Click on About to learn the NannyPay version you are using.

Click here to show the [Current Register](#).

Click here to show the [Year-To-Date](#) and [Quarterly](#) Registers along with the [Current](#) Register.

Click here to take you to the [Set Up](#) window.

## **TRADEMARKS**

Microsoft Windows, and Windows 95 are either trademarks or registered trademarks of Microsoft Corporation in the United States and/or other countries.

Quicken is either a trademark or registered trademark of the Intuit Corporation in the United States and/or other countries.

## HOW TO GET FORMS AND PUBLICATIONS

Once you register with the IRS as a [Household Employer](#) and obtain an [EIN](#), the IRS usually will send you most of the forms you need for the following year, but not always. If they don't, it is still your responsibility to get the right forms and pay the tax.

To get IRS forms and publications, you can call 1-800-TAX-FORM (1-800-829-3676). You can also get IRS forms and publications by personal computer at the IRS's Internet Website at - <http://www.irs.ustreas.gov>; by File Transfer Protocol, or FTP, at - <ftp.irs.ustreas.gov>; or by direct dial modem by calling (703) 321-8020. Most forms are also available by fax. Send a fax request specifying the publication and forms you want, with the address to which they should be mailed, to (703) 487-4160.

NannyPay includes most of the forms and instructions you will need in Portable Document Format (PDF).

You are required to make advance [Earned Income Credit \(EIC\)](#) payments to your nanny if he or she is eligible and provides you a properly completed Form W-5. This information can be obtained from your Nanny's completed Form W-5. These options will be dimmed if the EIC option is not checked.



If both you and your nanny agree, you may withhold federal income tax from your nanny's wages; otherwise, you have no obligation to withhold federal income tax. You will also learn that most states follow this rule as well. Of course, your nanny will still be responsible for paying federal and any state income taxes on the [cash wages](#) she (or he) receives from you. To help your nanny avoid a hefty tax bill at the end of the year, we recommend that you withhold both federal and state income taxes. NannyPay supports all 50 states.

If you will pay your nanny more than \$1,100 this year in gross wages, you are required by federal law to withhold and pay social security and medicare taxes, which are sometimes collectively referred to as [FICA](#) taxes. One half of the total FICA tax you owe the government is withheld from your nanny's wages. NannyPay will automatically calculate the correct amount of FICA withholding.

Form 2441 [Child and Dependent Care Expenses] must be completed and attached to your annual federal income tax return if you received any dependent care benefits during the year or to take advantage of the child care tax credit. This form is included with the NannyPay software package.

Click on "Search Contents" to search NannyPay's online help.

## UPDATING NANNYPAY SALARY RECORDS

If you have been paying your nanny before you began using NannyPay software, you may wonder whether it is necessary to update your computerized records with your previous manual payments and withholding records. Of course, the easiest approach is just to begin using NannyPay and worry about your previous records when you pay the government. However, this approach may not be consistent with either good business sense or your temperament. If that is the case, we recommend following one of several updating options:

**The Automatic Approach.** You can reenter each previous transaction by using NannyPay's automatic calculation features. Just set the appropriate federal, state and payment settings, and calculate the withholding by entering the appropriate pay period for each transaction. The drawback to this approach is that it may not accurately reflect the exact amounts actually paid to your nanny, particularly if you have been previously using the federal or state manual withholding tables. NannyPay calculates withholding based upon the percentage method, which is more accurate than using withholding tables. Therefore, NannyPay's automatic calculations may not exactly match your previous manual calculations. For tax payment purposes, this discrepancy is not important, however, your new records will not accurately reflect amounts actually withheld.

**The Full Manual Approach.** You can manually reenter each previous transaction, using NannyPay's [manual update facility](#), found in the "File" menu of the payroll records window. While this method is the most accurate updating approach, it is tedious. You must gather your previous records, and enter the amounts of tax withheld for each withholding category (e.g., social security, medicare, state and federal income tax, etc.) for each pay period. This method will insure that your weekly, year-to-date, and quarterly records will be accurate.

**The Quarterly Approach.** You can manually reenter previous transactions, again using NannyPay's [manual update facility](#), but limiting the entries to quarterly totals for each withholding category. Using this approach, you must total all previous withholding by category and by quarter and manually enter the totals according to the appropriate quarterly date: March 31st, June 30th, September 30th, or December 31st. Using this method, you maintain the accuracy of the quarterly totals. You can vary this approach by only entering gross and net pay, if the details are not important to you.

**The "Gross/Net" Approach.** You may manually enter only the total gross and net salary paid to your nanny from the first of the year to the time you began using NannyPay. You can date this transaction using the current date. This may be the simplest approach, however, you must keep in mind that your year-to-date and quarterly totals will not accurately reflect the amounts paid to your nanny or previous withholding.

Fill in your name, address, telephone, and [Employer Identification Number \(EIN\)](#). If you have not received your EIN yet, you may enter "Applied For." None of this information is required, however, we recommend that you fill it in for your nanny's pay stub and your quarterly reports.

Click here to enter your unlock codes. Once you have entered the codes, your copy of NannyPay software will be registered. The unlock codes will be sent to you after you have ordered NannyPay. The "Register" option will not be visible if you have already registered your copy of NannyPay.

Fill in your name, address, and telephone number.



# STATE WITHHOLDING TAX AGENCIES

## A C D F G H I K L M N O P R S T U V W

Alabama	Department of Revenue Income Tax Division Withholding Tax Section P.O. Box 327488 Montgomery, AL 36132-7488 (334) 242-1000
Alaska	NO INCOME TAX
Arizona	Department of Revenue Withholding Division 1600 West Monroe Phoenix, AZ 85007 (602) 255-2060
Arkansas	Department of Finance and Administration Revenue Division P.O. Box 3628 Little Rock, AR 72203-3628 (501) 682-7290
California	Employment Development Department 800 Capitol Mall Sacramento, CA 95814 (916) 654-8203
Los Angeles	City Clerk, Tax and Permit Division City Hall, Room 101 ATTN: Processing Los Angeles, CA 90012 (213) 626-9271
San Francisco	Tax Collector, Business Tax Division Tax Collector's Office City Hall P.O. Box 7425 San Francisco, CA 94120 (415) 554-4431
Colorado	Department of Revenue State Capitol Annex 1375 Sherman Street Denver, CO 80261 (303) 232-2416
Denver	Treasury Division P.O. Box 17440

Denver, CO 80217  
(303) 640-2644

Connecticut Department of Revenue Services  
25 Sigourney Street  
Hartford, CT 06106  
(860) 566-8520

Delaware Division of Revenue  
Carvel State Office Bldg.  
820 N. French Street  
Wilmington, DE 19801  
(302) 577-5800

Wilmington Department of Finance  
Earned Income Tax Division  
City/County Building  
800 French Street  
Wilmington, DE 19801  
(302) 577-4300

District of Columbia Department of Finance and Revenue  
441 4th Street, N.W.  
Room 550  
Washington, D.C. 20001  
(202) 727-6104

Florida NO INCOME TAX

Georgia Department of Revenue  
Income Tax Division  
Withholding Unit  
Trinity-Washington Building  
P.O. Box 38067  
Atlanta, GA 30334  
(404) 656-4181

Hawaii Department of Taxation  
Income Tax Division  
P.O. Box 259  
Honolulu, HI 96809  
(808) 587-4242

Idaho State Tax Commission  
800 Park Plaza IV  
P.O. Box 36  
Boise, ID 83722-2301  
(208) 334-7660

Illinois	Department of Revenue 101 W. Jefferson Street Springfield, IL 62794 (217) 782-3336
Chicago	Department of Revenue City Hall, Room 107 121 N. LaSalle Street Chicago, IL 60602 (312) 744-6146
Indiana	Department of Revenue Withholding Tax Section Indiana Government Center North Room 105 100 N. Senate Avenue Indianapolis, IN 46204-2253 (317) 233-4016
Iowa	Department of Revenue and Finance Withholding Tax Processing Hoover State Office Building P.O. Box 10411 Des Moines, IA 50306-0411 (515) 281-3114
Kansas	Department of Revenue Division of Taxation Income and Inheritance Tax Bureau Robert B. Docking State Office Building Topeka, KS 66612 (913) 296-0222
Kentucky	Revenue Cabinet Tax Policy Section Capital Annex Building Frankfort, KY 40620 (502) 564-4580 (502) 564-3658 (Forms)
Louisville	Louisville/Jefferson County Revenue Commission 734 W. Main Street Louisville, KY 40202-2634 (502) 574-4900
Louisiana	Secretary of Revenue Department of Revenue and Taxation Withholding Division

330 N. Ardenwood  
P.O. Box 9017  
Baton Rouge, LA 70821-9017  
(504) 925-4611

Maine	Bureau of Taxation Income Tax Division State Office Building Augusta, ME 04333 (207) 287-3695
Maryland	Comptroller of the Treasury Revenue Administration Division 100 Carroll Street Annapolis, MD 21411 (410) 974-3981
Massachusetts	Department of Revenue 200 Arlington Street Chelsea, MA 02150 (617) 887-6367
Michigan	Department of Treasury Sales, Use and Withholding Division Treasury Building 430 W. Allegan Lansing, MI 48922 (517) 373-3190
Detroit	City Treasurer Income Tax Division 104 City-County Building Detroit, MI 48226 (313) 224-3315
Minnesota	Department of Revenue MW 5555 P.O. Box 66117 10 River Park Plaza St. Paul, MN 55166-0005 (612) 296-6181
Mississippi	State Tax Commission Income Tax Division P.O. Box 960 Jackson, MS 39205 (601) 923-7800

Missouri	Department of Revenue Withholding Tax Section Truman State Office Building P.O. Box 3333 Jefferson City, MO 65105-3333 (573) 751-5752
Kansas City	Division of Revenue Second Floor, City Hall 414 E. 12th Street St. Louis, MO 64106-2786 (816) 274-2091 (800) 877-6881 (Forms)
St. Louis	Earnings Tax Division Room 411, City Hall St. Louis, MO 63103 (314) 622-4805
St. Louis	Payroll Expense Tax Department Room 413, City Hall St. Louis, MO 63103 (314) 622-4961
Montana	Department of Revenue Business Tax Section Mitchell Building P.O. Box 5835 Helena, MT 59604-5835 (406) 444-3388 (800) 550-1153 (New Business Registrations)
Nevada	NO INCOME TAX
Nebraska	Department of Revenue State Office Building P.O. Box 94818 Lincoln, NE 68509-4818 (800) 742-7474 (800) 626-7899 (Forms)
New Hampshire	NO INCOME TAX
New Jersey	Department of Treasury Division of Taxation 50 Barrack Street CN 240

	Trenton, NJ 08646 (609) 588-2200
Newark	City of Newark-Payroll Tax P.O. Box 15118 Newark, NJ 07192 (201) 733-3930
New Mexico	Revenue Processing Division Taxation and Revenue Department P.O. Box 630 Santa Fe, NM 87504-0630 (505) 827-0832
New York	Department of Taxation and Finance Income Tax Bureau Withholding Tax Unit Albany, NY 12227-0125 (518) 485-6800
New York City	Department of Taxation and Finance Income Tax Bureau Withholding Tax Unit Albany, NY 12227-0125 (518) 438-8581
	New York-New Commission of New York Harbor Jersey Waterfront 42 Broadway New York, NY 10004 (212) 742-9280
North Carolina	Department of Revenue P.O. Box 25000 Raleigh, NC 27640-0045 (919) 733-4626
North Dakota	State Tax Commissioner 600 E. Boulevard Avenue State Capitol Bismarck, ND 58505-0554 (701) 328-3124
Ohio	Department of Taxation Income Tax Division P.O. Box 2476 Columbus, OH 43266-0076 (614) 846-6712
Akron	Division of Taxation

222 Main Street  
Akron, OH 44308  
(330) 375-2290

Cincinnati Cincinnati Income Tax Bureau  
805 Central Street  
6th Floor  
Cincinnati, OH 45202-5799  
(513) 352-3838

Cleveland Municipal Income Tax Division  
Central Collection Agency  
1701 Lakeside Avenue  
Cleveland, OH 44114  
(216) 664-2070

Columbus Columbus Income Tax Division  
50 W. Gay St., 4th Fl.  
Columbus, OH 43215  
(614) 614-8368

Dayton Superintendent of Taxation  
P.O. Box 2806  
Dayton, OH 45401  
(513) 443-3500

Toledo Division of Taxation  
One Government Center  
Suite 2070  
Toledo, OH 43604  
(419) 245-1662

Youngstown Director of Finance  
Income Tax Department  
P.O. Box 359  
City Hall Building  
Youngstown, OH 44501  
(330) 742-8700

School District School District Tax  
Income Tax P.O. Box 182388  
Columbus, OH 43218-2388  
(614) 846-6712

Oklahoma Oklahoma Tax Commission  
Withholding Tax Division  
Oklahoma City, OK 73194  
(405) 521-3279

Oregon Department of Revenue  
955 Center Street, N.E.  
Salem, OR 97310

(503) 378-3390

Lane County State Department of Revenue  
Mass Transit State of Oregon  
District Salem, OR 97310  
(503) 945-8091  
(503) 378-4988

Tri-County State Department of Revenue  
Metropolitan State of Oregon  
Transportation Tri-Met Unit  
District Salem, OR 97310  
(503) 945-8091  
(503) 378-4988

Pennsylvania Pennsylvania Department of Revenue  
Department 280414  
Harrisburg, PA 17128-0414  
(717) 783-5470

Philadelphia Department of Revenue  
Business and Earnings Tax Department  
Municipal Services Building  
1401 JFK Boulevard  
Philadelphia, PA 19102  
(215) 686-6600

Pittsburgh City and School District Treasurer  
414 Grant Street  
Pittsburgh, PA 15219  
(412) 255-2510

Scranton Collector of Taxes  
City Hall  
Scranton, PA 18503  
(717) 348-4113

Rhode Island Division of Taxation  
One Capitol Hill  
Providence, RI 02908  
(401) 277-6292

South Carolina Department of Revenue and Taxation  
Income Tax Division  
P.O. Box 125  
Columbia, SC 29214  
(803) 898-5752

South Dakota NO INCOME TAX

Tennessee NO INCOME TAX



Texas	NO INCOME TAX
Utah	State Tax Commission 210 North 1950 West Salt Lake City, UT 84134 (801) 297-2200
Vermont	Department of Taxation P.O. Box 547 Montpelier, VT 05609 (802) 828-2551
Virginia	Department of Taxation Division of Income Tax Withholding P.O. Box 1115 Richmond, VA 23208-1115 (804) 367-8038
Washington	NO INCOME TAX
West Virginia	Department of Tax and Revenue Taxpayer Services P.O. Box 3784 Charleston, WV 25337 (304) 558-3333
Wisconsin	Department of Revenue P.O. Box 8902 Madison, WI 53708 (608) 266-2776
Wyoming	NO INCOME TAX

If both you and your nanny agree, you may withhold federal income tax from your nanny's wages; otherwise, you have no obligation to withhold federal income tax. Of course, your nanny will still be responsible for paying federal and any state income taxes on the cash wages she (or he) receives from you.

Information concerning the number of allowances claimed by your nanny can be obtained from your Nanny's federal [W-4 form](#). Failure to enter this information may result in inaccurate withholding calculations.

Most states follow the federal rule. That is, if both you and your nanny agree, you may withhold state income tax from your nanny's wages; otherwise, you have no obligation to withhold income tax.

The Set Up Wizard assists you in setting up NannyPay with the information NannyPay needs to calculate withholding and preparing pay stubs and quarterly reports. Each page contains an explanation of the required information. For additional assistance, consult the online help and the NannyPay Employer's Guide.

For additional assistance, [click here](#) to open NannyPay's Employer's Guide.

Click "Next" to move to the next page.

Information concerning your nanny's filing status can be obtained from your Nanny's federal W-4 form. Failure to enter this information may result in inaccurate withholding calculations.



Click "Back" to move back one page. The "Back" button is dimmed when not available.

Click "Exit" to leave the Set Up Wizard without saving your set up.

# STATE UNEMPLOYMENT TAX AGENCIES

[A](#) [C](#) [D](#) [E](#) [F](#) [G](#) [H](#) [I](#) [K](#) [L](#) [M](#) [N](#) [O](#) [P](#) [R](#) [S](#) [T](#) [U](#) [V](#) [W](#)

## **ALABAMA**

Department of Industrial Relations  
649 Monroe Street  
Montgomery, AL 36131  
(334) 242-8467

## **ALASKA**

Employment Security Division  
P.O. Box 25509  
Juneau, AK 99802-5512  
(907) 465-5937

## **ARIZONA**

Department of Economic Security  
2801 North 33rd Avenue  
Phoenix, AZ 85009  
(602) 255-4755

## **ARKANSAS**

Employment Security Division  
P.O. Box 2981  
Little Rock, AR 72203  
(501) 682-3253

## **CALIFORNIA**

Employment Development Department  
MIC-90  
P.O. Box 942880  
Sacramento, CA 94280-0001  
(916) 653-1528

## **COLORADO**

Department of Labor and Employment  
1515 Arapahoe  
Tower 2, Suite 400  
Denver, CO 80202-2117  
(303) 603-8235

## **CONNECTICUT**

Employment Security Division  
Labor Department  
200 Folley Brook Blvd.  
Wethersfield, CT 06109  
(860) 566-2124

## **DELAWARE**

Department of Labor  
Division of Unemployment Insurance  
4425 North Market Street  
Wilmington, DE 19809-0950  
(302) 368-6731

## **DISTRICT OF COLUMBIA**

Department of Employment Services  
500 C Street, NW  
Room 501  
Washington, DC 20001  
(202) 724-7462

## **FLORIDA**

Department of Labor and Employment Security  
102 Caldwell Building  
Tallahassee, FL 32399-0211  
(904) 921-3108

## **GEORGIA**

Department of Labor  
148 International Blvd.  
Suite 800  
Atlanta, GA 30303  
(404) 656-4309

## **HAWAII**

Department of Labor and Industrial Relations  
800 Punchbowl Street  
Honolulu, HI 96813  
(808) 586-8927

## **IDAHO**

Department of Employment  
317 Main Street  
Boise, ID 83735

(208) 334-6240

## **ILLINOIS**

Bureau of Employment Security  
401 South State Street  
Chicago, IL 60605  
(312) 793-1916

## **INDIANA**

Department of Workforce Development  
10 North Senate Avenue  
Indianapolis, IN 46204  
(317) 232-7698

## **IOWA**

Department of Job Services  
1000 East Grand Avenue  
Des Moines, IA 50319  
(515) 281-8200

## **KANSAS**

Department of Human Resources  
401 Topeka Blvd., SW  
Topeka, KS 66603  
(913) 296-5026

## **KENTUCKY**

Division of Unemployment Insurance  
P.O. Box 948  
Frankfort, KY 40602  
(502) 564-6838

## **LOUISIANA**

Office of Employment Security  
P.O. Box 98146  
Baton Rouge, LA 70804  
(504) 342-2992

## **MAINE**

Department of Labor  
P.O. Box 309

Augusta, ME 04332-0309  
(207) 287-1239

## **MARYLAND**

Office of Unemployment Insurance  
1100 North Eutaw Street  
Baltimore, MD 21201  
(410) 767-2488

## **MASSACHUSETTS**

Department of Employment and Training  
19 Staniford Street  
Boston, MA 02114  
(617) 727-5054

## **MICHIGAN**

Employment Security Division  
7310 Woodward Avenue  
Detroit, MI 48202  
(313) 876-5131

## **MINNESOTA**

Department of Economic Security  
390 North Robert Street  
St. Paul, MN 55101  
(612) 296-3736

## **MISSISSIPPI**

Employment Security Commission  
P.O. Box 22781  
Jackson, MS 39225-2781  
(601) 961-7755

## **MISSOURI**

Division of Employment Security  
Box 59  
Jefferson City, MO 65104  
(573) 751-3328

## **MONTANA**

Unemployment Insurance Division

P.O. Box 1728  
Helena, MT 59624  
(406) 444-3686

## **NEBRASKA**

Division of Employment  
Box 94600  
Lincoln, NE 68509  
(402) 471-9839

## **NEVADA**

Department of Employment,  
Training, and Rehabilitation  
500 East Third Street  
Carson City, NV 89713  
(702) 687-4599

## **NEW HAMPSHIRE**

Department of Employment Security  
32 South Main Street  
Concord, NH 03301  
(603) 224-3311 (ext. 270)

## **NEW JERSEY**

Department of Labor  
CN947  
Trenton, NJ 08625-0947  
(609) 292-2810

## **NEW MEXICO**

Department of Labor  
P.O. Box 2281  
Albuquerque, NM 87103  
(505) 841-8568

## **NEW YORK**

State Department of Labor  
State Campus  
Building 12  
Room 542  
Albany, NY 12240  
(518) 457-4120

## **NORTH CAROLINA**

Employment Security Commission  
P.O. Box 26504  
Raleigh, NC 27611  
(919) 733-7395

## **NORTH DAKOTA**

Job Service of North Dakota  
P.O. Box 5507  
Bismarck, ND 58502  
(701) 328-2814

## **OHIO**

Bureau of Employment Services  
P.O. Box 923  
Columbus, OH 43216  
(614) 466-2578

## **OKLAHOMA**

Employment Security Commission  
Will Rogers Memorial Office Building  
Oklahoma City, OK 73105  
(405) 557-7135

## **OREGON**

Employment Department  
875 Union Street, NE  
Salem, OR 97311  
(503) 378-3257

## **PENNSYLVANIA**

Department of Labor and Industry  
Labor and Industry Building  
7th and Forster Street  
Harrisburg, PA 17121  
(717) 787-2097

## **RHODE ISLAND**

Department of Employment and Training  
101 Friendship Street  
Providence, RI 02903



(401) 277-3688

## **SOUTH CAROLINA**

Employment Security Commission  
P.O. Box 995  
Columbia, SC 29202  
(803) 737-3070

## **SOUTH DAKOTA**

Department of Employment Security  
P.O. Box 4730  
Aberdeen, SD 57402  
(605) 626-2312

## **TENNESSEE**

Department of Employment Security  
500 James Robertson Parkway  
8th Floor, Davy Crocket Tower  
Nashville, TN 37245-3500  
(615) 741-2346

## **TEXAS**

Workforce Commission  
TEC Building  
Austin, TX 78778  
(512) 463-2699

## **UTAH**

Department of Employment Security  
P.O. Box 45288  
Salt Lake City, UT 84145  
(801) 536-7755

## **VERMONT**

Department of Employment Security  
P.O. Box 488  
Montpelier, VT 05602  
(802) 828-4242

## **VIRGINIA**

Employment Commission

P.O. Box 1358  
Richmond, VA 23211  
(804) 371-6325

## **WASHINGTON**

Employment Security Department  
P.O. Box 9046  
Olympia, WA 98507-9046  
(360) 902-9554

## **WEST VIRGINIA**

Unemployment Compensation Division  
112 California Avenue  
Charleston, WV 25305-0112  
(304) 558-2675

## **WISCONSIN**

Department of Industry, Labor, and  
Human Relations  
P.O. Box 7942-GEF 1  
Madison, WI 53702  
(608) 266-3177

## **WYOMING**

Employment Resources Division  
P.O. Box 2760  
Casper, WY 82606  
(307) 235-3201

Click "Finish" to save your new set up.

The Set Up Wizard assists you in setting up NannyPay with the information NannyPay needs to calculate withholding and preparing pay stubs and quarterly reports. See [Opening NannyPay for the First Time](#) for more information about the Set Up Wizard.

# **NANNY TAX LAW CHANGES FOR 1998**

## **New Hire Reporting Requirements**

Effective January 1, 1998, the federal Personal Responsibility and Work Opportunity Act of 1996 (federal welfare reform law) requires all employers to report information on newly-hired employees. This report must be made to the agency designated by your state to receive this information. The purpose of the New Hire reporting requirements is to enable the government to keep track of non-custodial parents to ensure children receive the financial support they deserve from both parents.

The new federal law requires all employers, regardless of size or type of business, to comply with the New Hire reporting requirements. You are required to obtain from your nanny and report to the agency designated by your state your name, address and information on how to contact you, as well as your nanny's name, address, social security number, date of birth and date of hire. This information must be submitted to your state within 20 days of the date you hire your nanny. You do not send this information to the IRS or federal government.

You should obtain information on how and where to report information on your new nanny at the time you first register as a Household Employer. If you are currently registered as an employer, you should receive information in the mail from your state in early 1998 on how to report new hires in the future. Call the telephone numbers listed in the State Withholding Agencies section for more information.

## **New \$1,100 Test for Social Security and Medicare Taxes**

Effective January 1, 1998, you do not have to withhold or report Social Security or Medicare taxes for household employees that you pay less than \$1,100 per year. This limit has been increased from 1997's level of \$1,000. This new limitation does not affect your Federal Unemployment Tax (FUTA) liability. The FUTA annual threshold remains at \$1,000.

## **Household Employers Are Now Subject to Possible Estimated Tax Penalties for Underwithholding**

Effective in 1998, the grace period granted to Household Employers for underwithholding penalties has expired. Consequently, you may have to pay an estimated tax penalty if you do not have enough federal income tax withheld from your own pay to cover your household employment taxes for the year, or, if you are self-employed, do not make sufficient quarterly estimated tax payments to cover your household employment taxes as well as your personal income tax which will be due at the end of 1998. For all tax years prior to 1998, and including 1997, Household Employers are not subject to any penalties for underwithholding to the extent that the amount which was underwithheld was applicable to household employment taxes.

To ensure you do not incur a penalty, you can either increase the federal income tax your own employer withholds from your pay, or increase your existing quarterly prepayments made with Form 1040-ES if you are self-employed. Even if you are not self-employed, you also have the option of making quarterly estimated prepayments of your household employment taxes using Form 1040-ES [Estimated Tax Payments for Individuals].

## **All Household Employers Must Now File A W-3 with the SSA**

Effective in 1998 for wages paid in 1997, you are required to complete [Form W-3](#) [Transmittal of Wage and Tax Statements] and file it with the Social Security Administration along with a copy of the 1997 [Form W-2](#) you provide to your nanny. You must complete and

file Form W-3 even if you only had one nanny and no other household employees during 1997. Prior to this change, Household Employers with only one household employee only needed to file a copy of Form W-2 with the SSA. Form W-3, together with a copy of Form W-2, must be filed with the SSA for wages paid in 1997 no later than March 2, 1998.

Remember, if you are required to report wages paid in 1997 to your nanny, you must provide each such nanny or household employee a completed Form W-2 no later than February 2, 1998.

Form W-3 [Transmittal of Wage and Tax Statements] is the form you use to send copies of your nanny's and other household employees' Form [W-2s](#) to the Social Security Administration. In essence, Form W-3 serves as a recapitulation of the information on all Form W-2s you submit.

# LICENSE

ESSENTIA NANNYPAY

LICENSES: 1

## NANNYPAY DISCLAIMER

NannyPay software is designed to calculate federal and state withholding taxes for domestic employees. Neither the software, the NannyPay online help, nor any accompanying documentation, is meant to provide, or to be construed as, tax or legal advice or counseling. Essentia Software Corporation ("Essentia") highly recommends that its software users seek advice from their tax accountant, tax lawyer, or other tax counselor before using NannyPay software. Essentia assumes no liability whatsoever for unpaid state or federal taxes, penalties, audits, business or personal losses, or any other damages arising out of the failure of any NannyPay end-user to seek professional tax advice. Essentia has made every effort to make NannyPay software as accurate and free from errors as possible; however, Essentia assumes no liability for unpaid state or federal taxes, penalties, audits, business or personal losses, or any other damages arising out of errors made by NannyPay software.

## END-USER LICENSE AGREEMENT FOR ESSENTIA SOFTWARE

**IMPORTANT-READ CAREFULLY:** This Essentia End-User License Agreement ("Agreement") is a legal agreement between you (either an individual or a single entity) and Essentia Software Corporation for the Essentia software product identified above, which includes computer software and may include associated media, printed materials, and "online" or electronic documentation ("SOFTWARE PRODUCT"). By installing, copying, or otherwise using the SOFTWARE PRODUCT, you agree to be bound by the terms of this Agreement. If you do not agree to the terms of this Agreement, do not install or use the SOFTWARE PRODUCT; you may, however, return it to Essentia for a full refund.

### SOFTWARE PRODUCT LICENSE

The SOFTWARE PRODUCT is protected by copyright laws and international copyright treaties, as well as other intellectual property laws and treaties. The SOFTWARE PRODUCT is licensed, not sold.

#### **1. EVALUATION, REGISTRATION AND DISTRIBUTION**

This is not free software. The following license is applicable to all end-users, whether they have registered the SOFTWARE PRODUCT or are using the demonstration version during the evaluation period. To use the demonstration version of the SOFTWARE PRODUCT after the evaluation period, the end-user agrees to register it according to the included instructions. Unregistered use of the SOFTWARE PRODUCT after expiration of the evaluation period is a violation of copyright laws and international copyright treaties, as well as other intellectual property laws and treaties.

The end-user is licensed to make as many copies of the unregistered compressed demonstration version of the SOFTWARE PRODUCT as he or she wishes so long as exact copies of the demonstration version, including all accompanying files and documentation, are distributed. The end-user is prohibited from charging, or requesting donations, for any such copies, and from distributing the SOFTWARE PRODUCT and/or documentation with other products, commercial or otherwise, without prior written permission from Essentia Software Corporation.

#### **2. GRANT OF LICENSE.**

This Agreement grants you the following rights:

You may install and use one copy of the SOFTWARE PRODUCT, or any prior version for the same operating system, on a single computer. The primary user of the computer on which the SOFTWARE PRODUCT is installed may make a second copy for his or her exclusive use on a portable computer.

#### **3. DESCRIPTION OF OTHER RIGHTS AND LIMITATIONS.**

##### **A. Limitations on Reverse Engineering, Decompilation, and Disassembly.**

You may not reverse engineer, decompile, or disassemble the SOFTWARE PRODUCT, except and only to the extent that such activity is expressly permitted by applicable law notwithstanding this limitation.

##### **B. Separation of Components.**

The SOFTWARE PRODUCT is licensed as a single product. Its component parts may not be separated for use on more than one computer.

##### **C. Rental.**

You may not rent, lease, or lend the SOFTWARE PRODUCT.

##### **D. Software transfer.**

You may permanently transfer all of your rights under this Agreement, provided you retain no copies, you transfer all of the



SOFTWARE PRODUCT (including all component parts, the media and printed materials, any upgrades, and this Agreement), and the recipient agrees to the terms of this Agreement.

**E. Termination.**

Without prejudice to any other rights, Essentia may terminate this Agreement if you fail to comply with the terms and conditions of this Agreement. In such event, you must destroy all copies of the SOFTWARE PRODUCT and all of its component parts.

**4. COPYRIGHT.**

All title and copyrights in and to the SOFTWARE PRODUCT (including but not limited to any images, photographs, animations, video, audio, music, text, and "applets" incorporated into the SOFTWARE PRODUCT), the accompanying printed materials, and any copies of the SOFTWARE PRODUCT are owned by Essentia. The SOFTWARE PRODUCT is protected by copyright laws and international treaty provisions. Therefore, you must treat the SOFTWARE PRODUCT like any other copyrighted material except that you may install the SOFTWARE PRODUCT on a single computer provided you keep the original solely for backup or archival purposes. You may not copy the printed materials accompanying the SOFTWARE PRODUCT.

**5. DUAL-MEDIA SOFTWARE.**

You may receive the SOFTWARE PRODUCT in more than one medium. regardless of the type or size of medium you receive, you may use only one medium that is appropriate for your single computer. You may not use or install the other medium on another computer. You may not loan, rent, lease, or otherwise transfer the other medium to another user, except as part of the permanent transfer (as provided above) of the SOFTWARE PRODUCT.

---

**MISCELLANEOUS**

If you acquired this product in the United States, this Agreement is governed by the laws of the Commonwealth of Pennsylvania.

If you acquired this product in Canada, this Agreement is governed by the laws of the Province of Ontario, Canada. Each of the parties hereto irrevocably attorns to the jurisdiction of the courts of the Province of Ontario and further agrees to commence any litigation which may arise hereunder in the courts located in the Judicial District of York, Province of Ontario.

If this product was acquired outside the United States, then local law may apply.

Should you have any questions concerning this Agreement, or if you desire to contact Essentia for any reason, please write: Essentia Software Corporation, 119 North Furnace Street, Birdsboro, PA 19508.

**LIMITED WARRANTY**

**LIMITED WARRANTY.** Essentia warrants that (a) the SOFTWARE PRODUCT will perform substantially in accordance with the accompanying written materials for a period of ninety (90) days from the date of receipt, and (b) any Support Services provided by Essentia shall be substantially as described in applicable written materials provided to you by Essentia, and Essentia support engineers will make commercially reasonable efforts to solve any problem issues. Some states and jurisdictions do not allow limitations on duration of an implied warranty, so the above limitation may not apply to you. To the extent allowed by applicable law, implied warranties on the SOFTWARE PRODUCT, if any, are limited to ninety (90) days.

**CUSTOMER REMEDIES.** Essentia's and its suppliers' entire liability and your exclusive remedy shall be, at Essentia's option, either (a) return of the price paid, if any, or (b) repair or replacement of the SOFTWARE PRODUCT that does not meet Essentia's Limited warranty and which is returned to Essentia with a copy of your receipt. This Limited Warranty is void if failure of the SOFTWARE PRODUCT has resulted from accident, abuse, or misapplication. Any replacement SOFTWARE PRODUCT will be warranted for the remainder of the original warranty period or thirty (30) days, whichever is longer. Outside the United States, neither these remedies nor any product support services offered by Essentia are available without proof of purchase from an authorized international source.

**NO OTHER WARRANTIES.** TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, ESSENTIA AND ITS SUPPLIERS DISCLAIM ALL OTHER WARRANTIES AND CONDITIONS, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, IMPLIED WARRANTIES OR MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, AND NON-INFRINGEMENT WITH REGARD TO THE SOFTWARE PRODUCT, AND THE PROVISIONS OF OR FAILURE TO PROVIDE SUPPORT SERVICES. THIS LIMITED WARRANTY GIVES YOU SPECIFIC LEGAL RIGHTS. YOU MAY HAVE OTHERS, WHICH VARY FROM STATE/JURISDICTION TO STATE/JURISDICTION.

**LIMITATION OF LIABILITY.** TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL ESSENTIA OR ITS SUPPLIERS BE LIABLE FOR ANY SPECIAL, INCIDENTAL, INDIRECT, OR CONSEQUENTIAL DAMAGES WHATSOEVER (INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF BUSINESS PROFITS, BUSINESS INTERRUPTION, LOSS OF BUSINESS INFORMATION, OR ANY OTHER PECUNIARY LOSS) ARISING OUT OF THE USE OF OR INABILITY TO USE THE SOFTWARE PRODUCT OR THE PROVISION OF OR FAILURE TO PROVIDE SUPPORT SERVICES, EVEN IF ESSENTIA HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN ANY CASE, ESSENTIA'S ENTIRE LIABILITY UNDER ANY PROVISION OF THIS AGREEMENT SHALL BE LIMITED TO THE GREATER OF THE AMOUNT ACTUALLY PAID BY YOU FOR THE SOFTWARE PRODUCT OR U.S. \$5.00. BECAUSE

**SOME STATES AND JURISDICTIONS DO NOT ALLOW THE EXCLUSION OR LIMITATION OF LIABILITY, THE ABOVE LIMITATION MAY NOT APPLY TO YOU.**

# REGISTRATION AND TECHNICAL SUPPORT

## Ordering and Registering NannyPay

Registering NannyPay is a quick, two step process. First, you must pay for the software. To initiate this process click "Order NannyPay" under the Help [Menu](#) or, if your copy has expired, on the Expiration Screen. Essentia Software Corporation uses the Kagi Payment Processing Service to process your order. Essentia uses Kagi because it is fast and provides Essentia customers with the most payment options. You may pay by cash or by one of the numerous credit cards accepted by Kagi. Just fill in the forms and send them by e-mail or regular mail to Kagi.

Once you have ordered NannyPay through Kagi, Essentia initiates the second step in the process by automatically sending you a personalized unlock code so that you may use NannyPay without interruption. Assuming you have provided Kagi with an e-mail address, the whole process will take from 24 to 48 hours after receipt of your order by Kagi. To enter the unlock code, click on "Register NannyPay" under the Help [Menu](#) or on the Expiration Screen. You will be presented with a small dialog box for entering your unlock codes. Once you have done that NannyPay is registered.

## NannyPay Technical Support

Customer and technical is available from Essentia Software via e-mail at [techsupport@essentia-soft.com](mailto:techsupport@essentia-soft.com), or by calling toll free at 888-999-1722. Please leave a message and an Essentia representative will promptly return your call.

## PROGRAM LIMITATIONS

Make sure you have a current version of NannyPay. Tax laws change every year, and your calculations may be inaccurate if you are not using the correct version of NannyPay. See [About NannyPay](#) for the current version of your software, and the [Registration and Technical Support](#) section for how to order the current version of NannyPay.

NannyPay software was designed to calculate withholding tax for domestic employees. As a result, the program has certain limitations. They are:

NannyPay assumes that you pay your nanny weekly or biweekly. NannyPay assumes that most domestic employers will pay child care givers on a weekly or biweekly (every two weeks) basis. At this time, NannyPay does not support other payment options.

NannyPay assumes that you pay your nanny hourly. NannyPay assumes that you pay your nanny an hourly wage, rather than a salary. If you do pay your nanny a salary, let us know so that we may include that feature in future versions.

NannyPay does not print checks. Sorry, you'll have to write your checks manually, or use a personal finance program such as Quicken.

NannyPay does not print a Federal W-2 Form. NannyPay does not print a federal [W-2 form](#).

NannyPay will not automatically calculate contributions for unemployment compensation. Future versions of NannyPay may support this feature; however, at present you will have to manually enter the percentage contribution for your state in the [Set Up Window UC Rate box](#).

NannyPay does not support miscellaneous deductions such as pensions and other benefits. For domestic employees, this feature is probably irrelevant. If you wish to enter miscellaneous deductions type them in the "Other Deductions" text box. See [Set Up Window Other Deductions](#).

NannyPay does not support all local municipalities. Municipalities, including counties, boroughs, and cities, may require you to withhold local wage taxes. NannyPay supports some major municipalities such as New York City, but not all. If you must deduct local wage taxes that NannyPay does not support enter them in the "Other Deductions" box. See [Set Up Window Other Deductions](#).

NannyPay is a single employee program. NannyPay assumes that you only have a single care giver at one time. NannyPay is not a business payroll program; however, there is a work around for those of you who wish to use the program for more than one employee. See [Using NannyPay for More than One Employee](#).

Click to quit NannyPay.

Click to exit the manual update facility.

Click to quit NannyPay.

You will need to complete and attach a Schedule H [Household Employment Taxes] to your 1998 tax return to remit the federal employment taxes you owe and withheld from your nanny's pay. If you made advance [Earned Income Credit](#) payments to your nanny during the year, these will be deducted from what you owe as calculated on Schedule H. The amount you owe is paid as part of your personal tax return and is due to the IRS by April 15, 1998. If you also have other employees who work for you in your business, see the [Rules for Business Employers](#) section for other payment options.



Check this box if you have a voluntary agreement to withhold state income tax from your Nanny's wages. This is the same as the federal rule, which most states follow. If a state requires you to withhold income tax, this option will be dimmed. See ["Determining Which Taxes You Must Withhold."](#)

This is a standard Windows drop down box. Click on it and choose your state of residence. This is a required option which will permit NannyPay to calculate the correct withholding for your state. NannyPay will not permit you to calculate withholding unless you have selected a state.

The "UC" rate or "Unemployment Compensation" rate is generally a percentage of gross wages that a state may require you to contribute from your nanny's wages. Each state has different rules and some states may not require you to withhold any unemployment compensation contributions. Enter the appropriate percentage in this box and NannyPay will calculate the correct withholding. If you enter nothing, NannyPay will not calculate unemployment compensation contributions.

If your state calculates unemployment compensation contributions based upon a different formula other than percentage of wages, NannyPay cannot do the calculation; however, if you manually calculate your nanny's contribution and type the result in the "Other Deductions" box, NannyPay will automatically deduct it from gross wages.

Enter the appropriate UC rate here.

This box permits you to enter any amount to be deducted from your nanny's gross wages. You may use this box to deduct advances, local taxes not supported by NannyPay, or any other type of deduction.

This tab may contain special settings particular to your state.

Enter other deductions here.

Click this button to see additional settings for your state. You will need to obtain your state's withholding information to select the correct options. Not all states have additional settings, and some states will use the settings entered for federal withholding. See [State Withholding Tax Agencies](#) for addresses and telephone numbers where you can obtain information about your state's withholding requirements.



Click here to see additional settings for your state. You will need to obtain your state's withholding information to select the correct options. Not all states have additional settings, and some states will use the settings entered for federal withholding. See [State Withholding Tax Agencies](#) for addresses and telephone numbers where you can obtain information about your state's withholding requirements.

NannyPay permits two payment options: weekly and biweekly. Enter the hourly wage in the hourly rate box. NannyPay will not permit you to calculate withholding unless you enter an hourly wage for your nanny.

Once you have completed your set up, you are ready to calculate withholding taxes. Click this button and NannyPay will take you to its Payroll Register Window.

Once you have completed your set up, you are ready to calculate withholding taxes. [Click here](#) and NannyPay will take you to its Payroll Register Window.

[Click here to create a new NannyPay file.](#) You may wish to do this when you change nannies or to start a new year.

[Click here to create a new NannyPay file.](#) You may wish to do this when you change nannies or to start a new year.

Click [here](#) to open a previously created NannyPay file. If you use NannyPay to calculate withholding for more than one employee, you may wish to use several NannyPay files.

Click [here](#) to open a previously created NannyPay file. If you use NannyPay to calculate withholding for more than one employee, you may wish to use several NannyPay files.



NannyPay will automatically save entries you have made during the set up process; however, you may wish to change the name of a file or change its location. Use the "Save As" button to do that.

NannyPay will automatically save entries you have made during the set up process; however, you may wish to change the name of a file or change its location. Use "Save As" to do that.

The cut, copy, paste and undo buttons correspond to the standard Windows editing operations. See your Windows documentation for further information.

Clicking the "Pay Now" button will take you to NannyPay's Payroll Register window.

Click here to take you to the NannyPay [Set Up Window](#).

To view NannyPay's context sensitive help, click the "Help" button and move the arrow to the item you wish to learn about. Then click your left mouse button to see the popup help window.

Click the "Help" button to view NannyPay's online help.

Click "Help" to view NannyPay's online help.



The "Exit" button automatically saves your settings and quits NannyPay.

Enter the number of regular hours your nanny has worked and the number of overtime hours. Overtime hours are calculated at one and one-half times the regular rate.

This box requires you to enter the ending date of your nanny's current pay period.

Choose the appropriate pay period.

Enter the hourly rate here. NannyPay cannot make calculations without it.

Click on the method you are using to pay your nanny, either cash or check. If you click "Check," you may enter the check number and date in the appropriate boxes. This information is used on your nanny's pay stub. It is not required to calculate withholding.

The "Date" column contains the date of the pay period. In the Year-To-Date Register it contains the most current pay period.

The "Gross" column contains your nanny's gross pay.



The "SSA" column contains deductions for [social security or FICA](#).

Fill in your nanny's social security number here. Tax laws now require every U.S.-born citizen to apply for an SSN before the end of the calendar year in which they were born. Eligible persons can get an SSN by completing Form SS-5, Application for a Social Security Card.

The "Medicare" column contains deductions for [medicare](#).

The "Federal" column contains deductions for federal income taxes.

The "State" column contains deductions for state income taxes.

Select a cell and start typing to enter calculations. You can also enter edit mode by clicking F2 or pressing the space bar. Move from cell to cell with the arrow keys.

# NANNYPAY MANUAL UPDATE FACILITY

The NannyPay Manual Update Facility provides you with the opportunity to manually enter withholding calculations so that they are reflected in the year-to-date and quarterly records generated by NannyPay. This is particularly useful if you have been paying your nanny before you began using NannyPay software and you wish to update your computerized records with your previous manual records. See [Updating NannyPay Files](#).

To use NannyPay's Manual Update Facility, just select the cell in which you wish to enter the calculation and start typing, click F2, or press the space bar. Either of these actions will put the program into editing mode. You can move to the next cell by using the arrow keys. Once you have finished, click "Update" and your calculations will be reflected in NannyPay's current, year-to-date, and quarterly registers. Manually entered payments are identifiable by their blue color in the current register. Remember, you must enter a date or NannyPay will not permit you to enter your manual calculations. Click on the illustration below to learn more about the manual updating facility.

**NannyPay 98 Manual Update Facility**

Edit Help

**You may update or change your nanny's payroll records by manually entering amounts here. Remember, changes made in this grid will be reflected in the Year-To-Date and Quarterly Registers. Manual entries will appear as blue in the Current Register. See the online help for more information about updating your records.**

Date	Gross	SSA	Med	Fed	State	Local	UC	EIC	Other	Net

Total Hours:  Total OT Hours:

Exit Update

The NannyPay Manual Update Facility provides you with the opportunity to manually enter withholding calculations so that they are reflected in the year-to-date and quarterly records generated by NannyPay. This is particularly useful if you have been paying your nanny before you began using NannyPay software and you wish to update your computerized records with your previous manual records. See [Updating NannyPay Files](#).

To use NannyPay's Manual Update Facility, just select the cell in which you wish to enter the calculation and start typing, click F2, or press the space bar. Either of these actions will put the program into editing mode. You can move to the next cell by using the arrow keys. Once you have finished, click "Update" and your calculations will be reflected in NannyPay's current, year-to-date, and quarterly registers. Manually entered payments are identifiable by their blue color in the current register. Remember, you must enter a date or NannyPay will not permit you to enter your manual calculations.



The "Local" column contains deductions for local income taxes, if any.

The "SDI/UC" column contains deductions for unemployment contributions, if any.

[Click here to update your NannyPay payroll records with the calculations entered above.](#)

The "EIC" column contains the amount of advance [EIC](#) payments made to your Nanny. NannyPay adds this amount to your Nanny's net pay.

The "Other" column contains deductions for any amounts entered in the "Other Deductions" box in the [set up window](#).

The "Net Pay" column contains your Nanny's wages minus deductions, plus any advance [EIC](#) contributions. The Current Register contains the amount you owe your nanny.

The year-to-date (YTD) register contains the sum of all the calculations from the beginning of the year to the current pay period. If you select any pay period in the current register by clicking on it, the YTD calculations corresponding to that pay period will appear in the YTD register. YTD calculations for the selected pay period will appear in your nanny's pay stub when you print it.

The "Current Register" contains all the calculations for the current and previous pay periods. You may scroll through the register using the vertical scroll bar on the far right and you can select any row by clicking on it. The information contained in the current register will appear in your nanny's pay stub when you print it.



This column shows the quarter. Amounts are automatically entered into the appropriate quarter of the year.

NannyPay automatically totals the amount of deductions and payments by quarter. The quarterly register enables you to track quarterly payments and deductions. The quarterly totals will be reflected in your quarterly report, if you print one.

## QUICK START

For those of you in a hurry, here's how to use NannyPay in a nutshell. We assume that you have installed the NannyPay program. We've broken the process down into six steps:

**Step 1:** Launch NannyPay. If this is the first time you have used it, the Set Up Wizard will appear.

**Step 2:** Move through each page of the Set Up Wizard, filling in the appropriate information. Don't forget to enter federal and state settings, your nanny's name, your state, and your nanny's pay rate. Without those settings, NannyPay will not calculate withholding. If you have any questions concerning the required information click on the help button to see online help:



**Step 3:** When you have reached the last page of the Set Up Wizard, click on the "Finish" button and save your file to a directory of your choice. You will then be taken to the pay roll register window.

**Step 4:** In the pay roll register window, enter the number of hours your nanny has worked, the date of the pay period, whether you are paying by check or cash, the check number (if applicable), and the date of the check or cash transaction.

**Step 5:** Click the "Calculate" button.

**Step 6:** Pay your nanny!

For more detailed information start browsing at [Installing NannyPay Software](#).

## USING NANNYPAY FOR MORE THAN ONE EMPLOYEE

NannyPay software has been designed to calculate withholding taxes for domestic employees. We assume that most persons use one nanny at a time. Nevertheless, NannyPay can be used for multiple employees by creating separate files for each person. Simply go to the [Set Up Window](#), create a new file for each employee, save it, and enter all the relevant information. If there is a demand, a future version of NannyPay may implement a multiple employee feature.

## A WORD ABOUT DATES AND PAY PERIODS

NannyPay assumes that domestic employees are paid on a cash basis, the fiscal year beginning on January 1st. To maintain the integrity of the software's year-to-date and quarterly calculations, NannyPay permits entries only in the current year. "Current year" is defined as the year of the first withholding tax calculation. For example, when you first create a NannyPay file, if the first calculation you enter is for a pay period in 1997, NannyPay assumes that the current year is 1997 and will not permit you to calculate withholding tax for a pay period that falls in any other year. If, for some reason, you wish to enter values for another year you must create a new NannyPay file. See [Menus](#) for more information about opening new files.

## USING NANNYPAY FOR OTHER KINDS OF EMPLOYEES

NannyPay software has been designed to calculate withholding taxes for domestic employees, particularly those involved in home child care. That is not to say that NannyPay could not be used for other kinds of domestic, or even commercial, employees. Keep in mind, however, that NannyPay was not designed for business use and some of the program's [limitations](#) prevent it from being a useful tool for that purpose. Please see the NannyPay [disclaimer](#).

Click on the calculator icon and NannyPay will calculate your nanny's withholding tax.

Click [here](#) to print your nanny's pay stub. The pay stub will contain the personal information you have entered in the Set Up window and the current and year-to-date calculations you have made in the Payroll Register window.



Click [here](#) to print your nanny's pay stub. The pay stub will contain the personal information you have entered in the Set Up window and the current and year-to-date calculations you have made in the Payroll Register window.

Enter the date of the pay period for which you wish to print a pay stub. If you enter an invalid date, NannyPay will warn you. Then click "Print" to print it, or "Cancel" to cancel your pay stub.

Click [here](#) to print a quarterly report, containing quarterly totals of your nanny's withholding taxes and [EIC](#) payments, if any. The Quarterly Report may be useful for state tracking and reporting purposes.

Click the button for the quarterly report of your choice. Then click "Print" to print a quarterly report, or "Cancel" to cancel your report.

Click on the calculator icon and NannyPay will calculate your nanny's withholding tax.

[Click here to calculate your nanny's withholding tax.](#)

Click on the button of your choice to show the Current Register only or the Current, Year-to-Date, and Quarterly Registers together.

To delete a current entry, you must first select the row you wish to delete by clicking on the row marker on the left side of the [Current Register](#) and then click the delete button on the tool bar. Because you cannot undo this action, NannyPay will prompt you before making the deletion.



To delete a current entry, you must first select the row you wish to delete by clicking on the row marker on the left side of the [Current Register](#) and then click "delete." Because you cannot undo this action, NannyPay will prompt you before making the deletion.

Clicking this button will take you to the [Set Up](#) window.

Fill in your name here. This information is not required, however, we recommend that you provide it because NannyPay will use the information for printing your nanny's pay stub and quarterly reports.

Fill in your nanny's name here. This information is required. NannyPay will not calculate withholding taxes without this information.

Fill in your street address here. This information is not required, however, we recommend that you provide it because NannyPay will use the information for printing your nanny's pay stub and quarterly reports.

Fill in your nanny's street address here. This information is not required, however, we recommend that you provide it because NannyPay will use the information for printing your nanny's pay stub and quarterly reports.

Fill in your city, state, and zip code here. This information is not required, however, we recommend that you provide it because NannyPay will use the information for printing your nanny's pay stub and quarterly reports.

Fill in your nanny's city, state, and zip code here. This information is not required, however, we recommend that you provide it because NannyPay will use the information for printing your nanny's pay stub and quarterly reports.



Please refer to your state tax regulations for additional help.

Fill in your telephone number here. This information is not required, however, we recommend that you provide it because NannyPay will use the information for printing your nanny's pay stub and quarterly reports.

Fill in your nanny's telephone number here. This information is not required, however, we recommend that you provide it because NannyPay will use the information for printing your nanny's pay stub and quarterly reports.

Fill in your Nanny's [social security](#) number here. This information is not required, however, we recommend that you provide it because NannyPay will use the information for printing your nanny's pay stub and quarterly reports.

Click this button to view NannyPay's Employer's Guide: step-by-step instructions and other information for paying domestic employees by the rules.

