



GROCO WEEKLY

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Weekly Wealth Building Tips

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Filing Requirements for Household Employment



If you hire a household employee, you will have federal and California tax obligations with respect to your household employment.

Household Employee

A household employee is someone you hire to do your household work, and you can control not only the tasks he/she does but also how the jobs are done. Common examples include housekeepers, maids, babysitters, drivers, gardeners, etc. In contrast, repairmen, plumbers, and constructors, who control how their work is performed, are considered independent contractors. ***

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Loss of a Spouse or Partner

Most of us have friends or family members who have endured the loss of a loved one. The pain we have seen them experience underscores the need to devise a financial and legal plan to support a surviving spouse or partner. Illness and mortality are sensitive topics, and people often avoid talking about them and/or postpone addressing them in their financial plan. It may also be the case that approaching the conversation with your spouse triggers an emotional or defensive response, especially if that person feels responsible for managing the finances.

By including your spouse, you can neutralize the tone of the conversation while increasing your confidence and sense of security as a couple. Craft a support plan for a surviving spouse or partner and help lessen the difficulty of the surviving spouse making complex financial and legal decisions while grieving. ***



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Individuals Continue to Dodge Taxes Through Offshore Bank Accounts



In the next few months, the Department of Justice plans to follow up on all leads regarding offshore tax dodging that they've obtained via voluntary disclosures as various banks have come forward to try to purify themselves.

Kevin Downing, a senior tax attorney of the U.S. Department of Justice, said while touring several cities in Asia with his Justice Department team to discuss cross-border tax prosecution, "We expect over the next couple of years to have somewhere between 4,000 and 7,000 cases coming to us. These are from banks and governments cooperating with us." ***

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Gulf Oil Spill: Questions and Answers



Q1. Is a taxpayer required to include in gross income payments the taxpayer receives for lost business income, lost wages or lost profits?

A1. Yes. The law requires that a taxpayer include in gross income payments the taxpayer receives for lost business income, lost wages or lost profits. For information on whether estimated tax payments may be required, see Publication 505, Tax Withholding and Estimated Tax.

A self-employed individual who receives a payment that represents compensation for lost income of the individual's trade or business should include the amount of the payment in net earnings from self-employment for purposes of the self-employment tax. For more information about reporting self-employment income and paying self-employment tax, see Publication 334, Tax Guide for Small Business (For Individuals Who Use Schedule C or C-EZ). ***

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