

HIRING FOR THE SUMMER?

by Gary Haworth, CPA

The kids are out of school and looking for jobs, with their parent's "encouragement". Hopefully, your business can help our next generation get their first exposure to what is involved in having a job and the responsibilities that go along with it. Like most of us with our own businesses, I'm sure your kids are permanent part-time employees with increased hours during the summer.

Now is probably a good time to review some of the government rules and regulations related to hiring these young people or your own children for the summer. (For agricultural jobs, please contact the U.S. Department of Labor for special rules.)

Businesses Owned by Parents that Employ their own Children: If the parent owns 100% of the business, the owner's children can work for the business regardless of their age, number of hours worked or time of day. Children under age 16 CANNOT do hazardous work such as using dangerous equipment (including lawn mowers, etc), work where food is cooked, or work near hazardous or flammable materials.

Employee Paperwork and Personnel File: When it comes to paperwork, a child is treated like any other employee. You need to have a personnel file with all the appropriate paperwork you would have for any employee you hire.

Owner's Children under 18: If the parents are the sole owners or partners (not a corporation), wages are exempt from FICA. Income tax withholding is still required, depending on what is claimed on their W-4.

Other Non-owner Children under 18: For payroll tax purposes, treat as any other employee you would hire. Remember, these workers may not perform any hazardous work.

Other Non-owner Children age 14-15: They are allowed to work between 7AM and 9PM, 8 hours/day, 40 hours/week, June 1-Labor Day if school is not in session. These limits do not apply to newspaper carriers or children employed exclusively by their parent.

Other Non-owner Children under age 14: They cannot be employed unless they work for their parent.

Minimum Wage: As an employer, you are required to pay the minimum wage. 100% owners hiring only immediate family members are not required to pay the minimum wage. Exception: If owners regularly employ non-family members, even the family members must be paid at least the minimum wage.

Overtime Pay under Federal Law: You are required to pay overtime for all hours physically worked over 40 hours in the work week. When computing the overtime, you do not need to include paid time-off such as holidays or vacation days.

Odds and Ends:

- Paying part-time and summer help for holidays is optional and not required by federal law.
- No law requires paid vacation, but if you give paid vacation, some federal and state rules apply.
- Providing health insurance or other benefits to temporary and part-time employees is optional, but if not available, it should be stated in a written benefit plan.

Take the special opportunity to employ a young person this summer, but make sure you do it right!

SCAM ALERT: On a totally separate note, it appears the “IRS” e-mail scams are once again being used, so please be careful. If you receive an e-mail from the IRS either claiming you are about to be audited by the Criminal Investigation Division, or informing you of a refund you are due, be careful... **IT IS A SCAM.** The government DOES NOT request personal information via e-mail. Without clicking on any links or responding to the e-mail, forward the entire message to the IRS (phishing@irs.gov). This e-mail address was established by the IRS to investigate online fraud.

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