

## HIRING FOR THE SUMMER?

*by Gary Haworth, CPA*

Your kids are out of school now, and with your encouragement, are starting their first summer job by helping you with your business. Like many business owners, my children become part of my staff during the summer. Hopefully your business can help our next generation get their first exposure to what's involved in having a job and the responsibilities that go along with it.

Now is probably a good time to review some of the government rules and regulations related to hiring minors 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 percent of the business, the owners 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.

**Owners 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. One hundred percent 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!

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