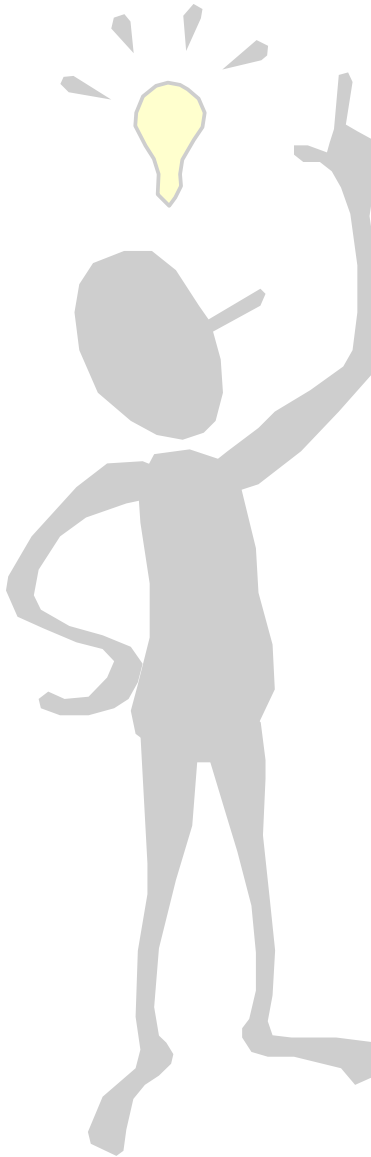


EMPLOYING YOUR CHILDREN



PARENTS EMPLOY CHILDREN

BENEFITS:

- ❖ In 2017, children can earn up to:
 - \$6,350 tax-free
 - \$11,850 tax-free (if \$5500 is contributed to an IRA)

- ❖ In 2018, we *presume* (based on the H.R. 1 tax reform bill), that children can earn up to:
 - \$12,000 tax-free
 - \$17,500 tax-free (if \$5500 is contributed to an IRA)

- ❖ Children under age 18 who work for a parent's unincorporated business *are not subject* to Social Security tax withholding (savings of 15.3% of wages) or FUTA.

Child wages can be deducted as a business expense by the parent-employer if:

- ⌘ Work is done in connection with the parent's trade or business (or income-producing property).
- ⌘ The child actually renders services to the trade or business.
- ⌘ Payments to the child are reasonable in relation to the services rendered.
- ⌘ Payments are actually made.