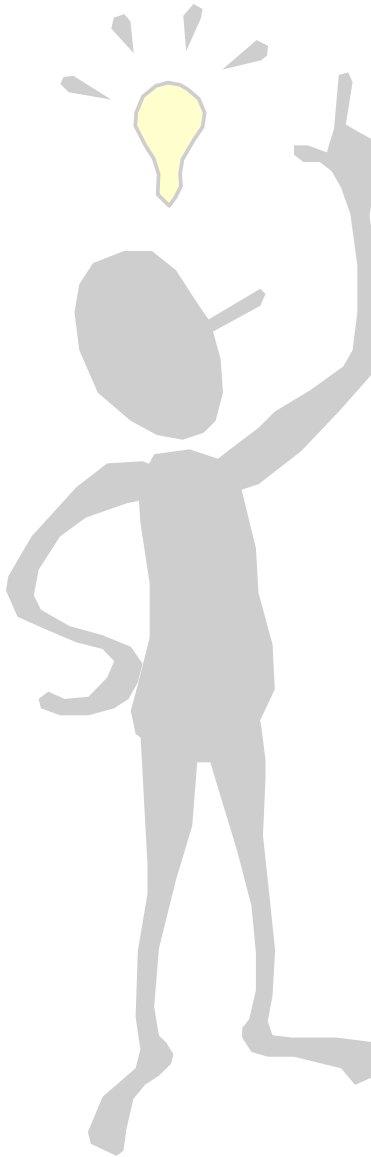


EMPLOYING YOUR CHILDREN



PARENTS EMPLOY CHILDREN

BENEFITS:

- ❖ In 2015 child can earn up to:
 - T \$6,300 tax-free
 - T \$11,300 tax-free (if \$5000 is contributed to an IRA)
- ❖ In 2016 child can earn up to:
 - T \$6,300 tax-free
 - T \$11,300 tax-free (if \$5000 is contributed to an IRA)
- ❖ Child under age 18 who works for parent's unincorporated business *is not subject* to Social Security tax withholding (savings of 15.3% of wages) or FUTA.

Child's wages are 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)
- ⌘ 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