

ASSEMBLY, No. 2279

STATE OF NEW JERSEY

INTRODUCED SEPTEMBER 19, 1996

By Assemblyman WEINGARTEN

1 AN ACT providing for the simplification of wage taxes and
2 withholding for household workers, supplementing chapter 9 of
3 Title 54A of the New Jersey Statutes and Chapter 21 of Title 43 of
4 the Revised Statutes.

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6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

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9 1. a. Notwithstanding the provisions of subsection (a) of
10 N.J.S.54A:7-4 to the contrary, except for an employer also liable for
11 withholding taxes with respect to remuneration for services rendered
12 other than for domestic service, returns with respect to domestic
13 service shall be filed on a calendar year basis. Such a return shall be
14 filed on or before the date for filing the employer's gross income tax
15 return for the employer's taxable year that begins in that calendar year
16 pursuant to N.J.S.54A:8-1, and the amount of tax withheld shall be
17 paid over to the Director of the Division of Taxation at that time,
18 together with those contributions treated as taxes pursuant to the
19 provisions of section 2 of P.L. , c. (C.) (now pending before the
20 Legislature as this bill).

21 b. For the purposes of N.J.S.54A:8-5, for taxable years beginning
22 on or after January 1, 1997, the taxes payable pursuant to subsection
23 a. of this section and those contributions treated as taxes pursuant to
24 the provisions of section 2 of P.L. , c. (C.) (now pending before
25 the Legislature as this bill) shall be treated as taxes imposed on the
26 employer for the taxable year of the employer that begins in a calendar
27 year referred to in subsection a. of this section; provided however, that
28 this subsection shall not apply to an employer for a calendar year
29 referred to in subsection a. of this section if no amount of credit for
30 wage withholding is allowed pursuant to N.J.S.54A:7-3 to the
31 employer for the taxable year of the employer that begins in that
32 calendar year and the taxpayer had, but for this section, no tax liability
33 for the preceding taxable year or no more than \$100 liability for the
34 current taxable year.

35 c. The director shall prescribe such regulations as the director
36 deems necessary to carry out the purpose of allowing employers to
37 convert from a quarterly system of payments and filing to annual

1 filing, and to simplify employer filing by allowing the combination of
2 unemployment compensation, disability benefits and gross income tax
3 for reporting and payment purposes for employees providing domestic
4 services by treating the taxes payable pursuant to subsection a. of this
5 section and those contributions treated as taxes pursuant to the
6 provisions of section 2 of P.L. , c. (C.) (now pending before the
7 Legislature as this bill) as taxes imposed on the employer. These
8 regulations shall include:

9 (1) Provisions for the forwarding of contributions treated as taxes
10 pursuant to the provisions of subsection b. of section 2 of P.L. , c.
11 (C.) (now pending before the Legislature as this bill), together
12 with such information as may be necessary, to the Office of the
13 Assistant Commissioner for Finance and Controller of the Department
14 of Labor for deposit in the proper funds and accounts established
15 pursuant to the “unemployment compensation law,” R.S.43:21-1 et
16 seq., and the “Temporary Disability Benefits Law,” P.L.1948, c.110
17 (C.43:21-25 et seq.);

18 (2) Provisions for the apportionment of interest and penalties
19 imposed between liabilities pursuant to the “New Jersey Gross Income
20 Tax Act,” N.J.S.54A:1-1 et seq. and those contributions treated as
21 liabilities pursuant to the “New Jersey Gross Income Tax Act”
22 pursuant to the provisions of subsection b. of section 2 of P.L. , c.
23 (C.) (now pending before the Legislature as this bill), and
24 forwarding the latter to the Office of the Assistant Commissioner for
25 Finance and Controller of the Department of Labor for deposit in the
26 proper funds established pursuant to the “unemployment compensation
27 law,” R.S.43:21-1 et seq., and the “Temporary Disability Benefits
28 Law,” P.L.1948, c.110 (C.43:21-25 et seq.).

29 d. For the purposes of this section, “domestic service” means
30 domestic service as an employee in a private home of the employer,
31 such as service as a babysitter, nanny, health aide, private nurse, maid,
32 caretaker, yard worker or similar domestic employee.

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34 2. a. Notwithstanding the provisions of subsection (a) of
35 R.S.43:21-14 and subparagraph (E) of paragraph (1) of subsection (d)
36 of R.S.45:21-7 to the contrary, except for an employer also liable for
37 making or withholding contributions with respect to remuneration for
38 services rendered other than for domestic service, returns with respect
39 to domestic service shall be filed on a calendar year basis. Such a
40 return shall be filed on or before the 15th day of the fourth month
41 following the close of the employer’s taxable year for federal income
42 tax purposes, and the amount of contributions shall be paid over to the
43 Director of the Division of Taxation in the Department of the Treasury
44 at that time.

45 b. Notwithstanding the provisions of R.S.43:21-16 or any other
46 law to the contrary, the contributions due pursuant to subsection a. of

1 this section shall be treated as taxes due pursuant to N.J.S.54A:1-1 et
2 seq., subject to the provisions of section 1 of P.L. , c. (C.) (now
3 pending before the Legislature as this bill).

4 c. The Commissioner of the Department of Labor, in consultation
5 with Director of the Division of Taxation in the Department of the
6 Treasury, shall prescribe such regulations as the commissioner deems
7 necessary to carry out the purpose of allowing employers to convert
8 from a quarterly system of payments and filing to annual filing, and to
9 simplify employer filing by allowing the combination of unemployment
10 compensation, disability benefits and gross income tax for reporting
11 and payment purposes for employees providing domestic services.

12 d. For the purposes of this section, "domestic service" means
13 domestic service as an employee in a private home of the employer,
14 such as service as a babysitter, nanny, health aide, private nurse, maid,
15 caretaker, yard worker or similar domestic employee.

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17 3. This act shall take effect immediately and apply to calendar years
18 beginning after enactment.

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STATEMENT

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23 This bill reduces the administrative burden on individuals who hire
24 household workers by allowing those employers to eliminate 13
25 separate filings and 8 separate payments currently required for each
26 calendar year and replaces them with one annual filing as part of the
27 employer's own gross income tax return.

28 Currently, employers of household workers must make a quarterly
29 report and payment of the gross income taxes they withhold from an
30 employee's pay, a quarterly report to the Department of Labor on the
31 wages paid to their employee, and a quarterly report and payment of
32 the unemployment contributions they withhold from their employee's
33 pay and the contributions the employer makes. In addition to these 12
34 quarterly reports and 8 quarterly payments, the employer must make
35 an annual gross income tax reconciliation report for the employee's
36 gross income tax. The typical employer also satisfies his or her own
37 gross income tax obligations through wage withholding or by making
38 quarterly estimated payments and filing an annual New Jersey gross
39 income tax return.

40 This bill simplifies and streamlines the reporting and payment of
41 taxes. The bill eliminates the separate 13 reports and 8 payments for
42 employees, and instead requires individuals who employ only
43 household workers to report the employee's wage taxes and
44 withholdings once annually, on the employer's own New Jersey gross
45 income tax return. The bill requires employers to satisfy the periodic
46 payment of these tax obligations through additions to the employers'

1 own regular estimated tax payments or wage withholding.

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6 Simplifies employer reporting and payment of gross income tax

7 withholding and wage taxes for household workers.