



Employee Special Tax Exemption Annual Declaration

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Open a Customer Service Ticket: thearcselfdirection.zendesk.com/

Website: thearcccr.org/self-directed-services/

Employee Special Tax Exemption Annual Declaration

Employees providing domestic services, like those employees hired directly by participants self-directing their services, may be exempt from paying certain federal and state taxes that are normally paid by employers and employees. These special tax exemptions are based on an employee’s residential status. This form is an annual declaration to verify the employee’s information and special tax exemption status.

PLEASE ANSWER EACH QUESTION BELOW TO ENSURE ACCURACY IN PAYROLL

1. INCOME TAX EXEMPTIONS FOR A LIVE-IN CAREGIVER

Do you share the same residence (legal address) as the care recipient?

PLEASE MARK THE APPROPRIATE BOX	
YES	<input type="checkbox"/>
NO	<input type="checkbox"/>

I am the employee in the self-directed program and I reside in the same legal residence as my employer and we are related. I do not maintain any other legal residence. The shared residence is a home where I reside full time and regularly perform the routines of private life.

I do not reside full-time in the same legal residence as my employer. If no, is selected, you must complete a W4 and MW507.

2. MARTIAL STATUS

Please select the appropriate response:

PLEASE MARK THE APPROPRIATE BOX	
<input type="checkbox"/>	Married
<input type="checkbox"/>	Single
<input type="checkbox"/>	Head of Household

Income Tax Exemption: *If the answer is yes to all qualifying statements, then the employee's income is excluded from federal and state income tax based on the difficulty of care income tax exclusion. Per IRS Notice 2014-7, payments to a care provider for services to a Medicaid Waiver eligible individual sharing a home with the provider are excluded from federal income tax as they are considered difficulty of care payments. See linked resources for more info.*

ATTESTATION STATEMENT:

Under penalties of perjury, I declare that I am an individual care provider receiving payments under a state Medicaid Home and Community-Based Services waiver program for services I provide to the Employer/Participant signing below.

The information I've provided is true and accurate. I understand my responsibility to inform the SDS if my circumstances change. I understand that if these statements turn out to be false, I may personally owe federal income tax and be subject to IRS penalty.

I will contact my tax accountant for additional information and guidance, as needed. We recommend speaking with a tax professional should you have any questions about the impact of declaring tax exemptions.

Employee Name (please print): _____

Employee Signature: _____ **Date:** _____

Participant/Employer Name (please print): _____

***All forms must include a copy of your driver's license as proof of residency at time of submission to avoid delays in processing.**