

TAX INSIGHT

Quick Numbers

- For 2017, the annual gift tax exclusion is \$14,000 to each person; the gift tax exemption amount is \$5,490,000.
- The eligible expenses for the child and dependent care credit is capped at \$3,000 for one child and \$6,000 for two or more children.
- For 2017, the maximum wage amount subject to social security tax is \$127,200.

Hire Your Children for the Summer



One advantage of operating your own business is hiring family members. Not only is this a great way to teach your kids work ethics and money-management skills, but there are tax saving benefits to hiring your children as well.

When your children are under age 18, you are not required to withhold social security and Medicare taxes from their wages. You are not required to pay federal unemployment taxes on their wages either until they reach age 21.

Your children (or grandchildren) must be legitimately involved in the business—not just simply doing family chores. You should keep records of the time worked and make sure their wages are reasonable.

If you are a self-employed business owner, you can take advantage of this underutilized tax-saving strategy. Partnerships are also included in this category if the parents are the only partners. If your business is incorporated, no special rules apply, and your children are subject to normal payroll taxes regardless of their age.

Did You Know?

Dr. Seuss was not a doctor. His real name was Theodor Seuss Geisel and he used several pen names in addition to Dr. Seuss, including Theo LeSieg ("Geisel" spelled backwards) and Rosetta Stone. On Dr. Seuss Day, also known as National Read Across America Day, schools throughout the country celebrate Dr. Seuss' birthday to promote literacy.



Quote Corner

"How did it get so late so soon? It's night before it's afternoon. December is here before it's June. My goodness how the time has flewn. How did it get so late so soon?"

~ Dr. Seuss