WITHHOLDING TAX

FAQ

I HAVE A HOUSEHOLD EMPLOYEE: DO I HAVE TO WITHHOLD HIS TAX?

The government has just announced that withholding tax for household employees will only come into force in 2020.

According to the government, withholding tax for household employees is a "specific problem".

This one-year postponement is in fact a simplification measure to allow time to finalize the all-in-one system planned by the government which will make it possible starting in January 2020 for people employing home childcare or any other household employee to deduct at source via a single platform uniting PAJEMPLOI and CESU.

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WHEN WILL I GET MY TAX CREDIT?

The tax credit for amounts paid for the employment of a household employee does not change on this point. This tax credit, which concerns services such as childcare, cleaning, gardening, tutoring, and assistance for the elderly or even for energy renovation, retains the same overall operation. The taxpayer initially advances all the amounts paid to the employee in year N and is reimbursed for part of the amounts committed in year N + 1.

The tax credit is still set at 50% of the expenses incurred. If a family spends 10,000 Euros in a year for childcare at home, it can deduct 50% (or 5,000 Euros) from its taxes in year N + 1. If this amount exceeds that of taxes, the difference is paid to the taxpayer also in year N + 1.

The payment of the tax credit will happen in two stages. A first installment of 60% will be paid in January 2019 and the remaining 40% will be paid in July 2019. Therefore, if the tax authority owes you 1,000 Euros, it will pay you 600 Euros in January and you will have to wait until the end of the summer to receive the remaining 400 Euros.

The government objected to the plan to repay the monthly tax credit. This is in any case "not possible in the short term".

For more information on withholding https://www.economie.gouv.fr/prelevement-a-la-source

To refer to our newsletter on withholding tax, click here

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