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## INTRODUCTION

The Federal Insurance Contributions Act (FICA) tax is an employment tax imposed by the federal government on both employees and employers to fund Social Security and Medicare. In the Home Help program, clients are the employers and caregivers are the employees.

### DHS-4771

#### **DHS-4771, Authorization for Withholding of FICA Tax in Home Help Payments**

The DHS-4771, Authorization for Withholding of FICA Tax in Home Help Payments, allows the State of Michigan to act as the client's filing agent. The State of Michigan will withhold FICA taxes from the wages paid, on the client's behalf, to Home Help services individual caregivers.

The Michigan Department of Health and Human Services (MDHHS) will pay the amount of FICA tax the client is responsible for and withhold the caregiver's portion from the monthly Home Help payment. The combined amounts will be sent to the Internal Revenue Service (IRS).

MDHHS, acting as the client's agent, will file an IRS-941, Employer's Quarterly Federal Tax Return, for the client and issue a W-2 for the individual caregiver at the end of the year. This enables the caregiver to obtain work credits for Social Security and Medicare benefits.

The **client or guardian's** signature and date is required on the DHS-4771. It is completed as part of the initial comprehensive assessment process.

The DHS-4771 is completed **once**, for **all** new Home Help cases. The signed and dated form must be retained in the client's case record in the **Do Not Destroy** packet.

**Note:** Verbal attestation of the DHS- 4771, Authorization for Withholding of FICA Tax in Home Help Payments, is acceptable during the Covid-19 Public Health Emergency from 04/01/2020 through 05/11/2023.

## FICA Exclusions

FICA is not withheld from Home Help payments when the caregiver is one of the following:

- Parent of the client (including adoptive, foster, stepparent).

**Note:** If a parent caregiver requests FICA to be withheld, change the caregiver relationship in MiAIMS to 'other relative' and provide an explanation in the narrative.

- Children 18 through 20 years old providing Home Help to a parent.
- Agency provider.

**Note:** The State of Michigan does not pay the FICA employer portion on the above exclusions. If the client has selected the Medicaid personal care option, the state is **not** responsible for paying FICA tax on the Medicaid deductible paid by the client to the caregiver each month.

## FICA Rebates

FICA rebates are issued to **all** individual caregivers who earn **less** than the gross limit set by the federal government; see [www.irs.gov/pub/irs-pdf/p15.pdf](http://www.irs.gov/pub/irs-pdf/p15.pdf).

The MDHHS Account Payable Unit issues FICA rebates at the end of the calendar year. The FICA rebate warrant is issued to the caregiver only at the **primary pay to address** listed in CHAMPS.

The adult services worker will be able to identify FICA rebate warrants in MiAIMS by the service period and service code. The service period will reflect the entire year. MiAIMS will display FICA for the service code.

**Note:** If a FICA rebate warrant is returned to Treasury as undeliverable, ASAP will generate a DCH-2362A for the warrant to be rewritten or canceled.

## FICA Reimbursement

If a caregiver is coded incorrectly and FICA is withheld in error, the adult services worker must send an email to the MDHHS Accounts

Payable Unit mailbox at [MDHHS-Medicaid-Payments-Unit@michigan.gov](mailto:MDHHS-Medicaid-Payments-Unit@michigan.gov).

The email must include:

- Provider name and CHAMPS ID number.
- Client name and recipient ID number.
- Summary describing the error and time period.
- Amount of FICA withheld in error.
- Warrant number(s) for which the error occurred.

The Accounts Payable unit will issue a warrant reimbursing all FICA at the end of the calendar year.

## CONTACT

For questions contact [MDHHS-Home-Help-Policy@michigan.gov](mailto:MDHHS-Home-Help-Policy@michigan.gov).