fello. SELF-DIRECTED SERVICES

Employee Special Tax Exemption Information and Declaration

Direct: 1.866.252.6871 | Fax: 1.888.272.2236
https://www.fello.org/selfdirectedservices

IMPORTANT

This document is provided for informational purposes only and should not be construed as tax, legal, or financial advice. Individuals should consult with their own tax professionals or advisors regarding their specific situations and the implications of claiming or failing to claim an exemption.

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 relationship with the employer, their age, and their residential status.

Fello Inc. uses this form to identify if an employee meets the federal and state special tax exemptions criteria. If employees qualify for exemptions, the exemptions must be honored by the employer.

Please note that if an employee's wages are tax exempt, they may not be eligible for unemployment benefits and their future FICA benefits (Social Security and Medicare) may be affected because of the lack of contribution.

Employees may choose to decline exemptions and pay employment and income taxes by marking the appropriate boxes below.

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Employment Tax Exemption

Please respond to the statements below to determine your eligibility for Employment Tax Exemption.

Question 1
I am the Parent (natural, adoptive, or step-parent) of the Participant Employer.

☐ Yes

☐ No

Please Note
If the answer is "yes", then the employer and employee are both exempt from paying FICA (Social Security and Medicare) and the employer is exempt from paying FUTA (Federal Unemployment Tax) on wages paid to this employee. The employer may also be exempt from paying State Unemployment Insurance Tax, depending on the rules in the state. Currently, the state of Maryland follows the Federal Rules.

Decline
If you checked "Yes" above and are choosing to decline employment tax exemption, please check the box below.

☐ I understand that as an employee, I qualify for an employment tax exemption. However, I hereby decline this tax exemption.

Question 2
I am the child/stepchild of the Participant Employer AND under the age of 21.

☐ Yes
If yes, please provide your (the employee's) date of birth: _____

☐ No

Please Note
If the answer is "yes" and the child employee is under 21 during the entire tax year, then the employer and employee are both exempt from paying FICA (Social Security and Medicare) and the employer is exempt from paying FUTA (Federal Unemployment Tax) on wages paid to this employee. When the employee reaches age 21, the payments are subject to both FICA and FUTA tax. The employer may also be exempt from paying State Unemployment Insurance Tax, depending on the rules in the state. Currently, the state of Maryland follows the Federal Rules.

Decline
If you checked "Yes" above and are choosing to decline employment tax exemption, please check the box below.

☐ I understand that as an employee, I qualify for an employment tax exemption. However, I hereby decline this tax exemption.

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Income Tax Exemption

Please respond to the statement below to determine your eligibility for Income Tax Exemption.

Question 3
I am an employee of and share the residence (permanent address) with the Participant Employer. Additionally, I do not maintain another legal residence. The shared residence is where I reside full-time and perform the routines of private life.

☐ Yes

☐ No

Please Note
If the answer is “yes” 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.

Decline
If you checked “Yes” above and are choosing to decline the income tax exemption, please check the box below.

☐ I understand that as an employee, I qualify for an income tax exemption. However, I hereby decline this tax exemption.

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Attestation Statement

This form is a requirement for all new employees.

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 Participant Employer signing below.

The information I've provided is true and accurate. I understand my responsibility to inform Fello Inc. 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 penalties.

I will contact a tax professional for additional information and guidance, as needed.

I understand that the earliest possible effective date of this tax exemption is the date this completed documentation is received by Fello Inc.

Retroactive tax exemptions cannot be processed. 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): _____

Participant Employer Signature: _____

Date: _____

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Authorized Representative

(If Applicable)

Printed Name:

I/We _____, am/are signing for Participant Employer,

_____ as a legally authorized representative(s).

The nature of my legal authorization is:

- ☐ Legal Guardian
- ☐ Designated Representative
- ☐ Parent (If Participant is under 18 ONLY)
- ☐ Other (Please Specify) _____

Guardian or Authorized Representative for Participant: _____

Representative Signature: _____ Date: _____

Co-Guardian or Authorized Representative for Participant (if Applicable): _____

Co-Guardian or Authorized Representative (if Applicable): _____ Date: _____