Hiring Children in your own business - Is it legal?

One of the advantages of operating your own business is hiring your children or family members.

Did you know that you can legitimately hire your kids, no matter what age they are, to work in your business? The IRS Code says you can!

According to IRS website hiring your own children under age 18 in your own business are not subject to social security and Medicare taxes if the trade or business is a sole proprietorship or a partnership in which each partner is a parent of the child. Again, any payments from business to child under age 21 is not subject to federal Unemployment Taxes. Payment for the services of a child is subject to income tax withholding, regardless of age. ([Family Help | Internal Revenue Service (irs.gov)](https://www.irs.gov/businesses/small-businesses-self-employed/family-help)

Also, according to information on website of department of labor (DOL) specifically mentions that:

The [Fair Labor Standards Act's (FLSA)](https://www.dol.gov/agencies/whd/flsa) minimum age requirements do not apply to minors employed by their parents, or by a person acting as their guardian. An exception to this occurs in mining, manufacturing and occupations where the minimum age requirement of 18 years old applies.

State laws often follow the same pattern as the Fair Labor Standards Act with regard to minors working for their parents. Consult your state department of labor for specific guidance.

<https://www.dol.gov/general/topic/youthlabor/employmentparents>

Few Advantages of hiring your own kids in business:

* They learn good work ethics from younger age
* They do not pay taxes to $ 12,500 income
* They can contribute to IRA/Roth IRA at early age
* They learn & get trained on TAX free & Tax deferred investments
* As parents you save taxes from higher tax brackets to Zero taxes or lower taxes
* Money contributed to qualified plans are generally protected from creditors, lawsuits etc.

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