

Insights, News & Events

# WANTED: INDEPENDENT CONTRACTORS

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Many Americans today are choosing to join the ranks of independent contractors rather than work for someone else as an employee. According to the U.S. Bureau of Labor Statistics, more than 7 percent of our country's total workforce is classified as independent contractors, which represents more than 10 million people.

This means that virtually every employer of any size either currently has or will have contingent workers of some kind — whether it is independent contractors, leased employees or some other sort of contingent-worker relationship. And with Texas' pro-business climate, this has historically been a very good place for independent contractors to make a good living and help drive our economy.

However, a shudder went through the ranks of Texas employers and independent contractors when federal and state governmental agencies recently signaled their very clear intent to more seriously investigate the misclassification of employees in contingent work force categories, specifically those who have been classified as independent contractors.

To be proactive, all employers that use independent contractors as part of their business strategy should prepare themselves for an audit by either the U.S. Department of Labor or the IRS to determine if any workers have been misclassified.

There is no question that employers and independent contractors should obey all laws and pay taxes as required. But, broad-scale attempts to reclassify independent contractors and turn them into rank-and-file company employees is harmful to those who choose this path and play by the rules.

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