

FLORIDA BUSINESSES NOW REQUIRED TO REPORT EARNINGS OF INDEPENDENT CONTRACTORS

Insights
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Effective October 1, Florida businesses will be obligated to report services received from independent contractor as a result of a new law signed into effect by Governor Ron DeSantis in June. Specifically, [Senate Bill 1532](#) amends Fla. Stat. § 409.2576 to mandate that any “service recipient” report contractors making \$600 or more per calendar year to the Florida Department of Revenue. The bill broadly defines “service recipient” as “a person engaged in a trade or business who pays an individual for services rendered in the course of such trade or business.” Therefore, independent contractors who are paid \$600 or more in the calendar year are included. What do Florida employers need to know about this new law?

What Has Changed and Why?

Prior to this amendment, the law only required businesses to provide a report to the State Directory of New Hires for employees but made it optional to report independent contractors. That discretion has now been eliminated and the report is mandatory when it comes to contractors. The new law, however, includes a provision that exempts businesses from reporting employees and individuals by or under contract with a federal or state agency performing intelligence or counterintelligence functions, as the legislators realize that mandating reporting pursuant to this section could endanger the safety of the employee or individual.

This new legislation was implemented to improve Florida’s child-support collection system by making reporting

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requirements substantially the same for contractors as they are for [employees](#). In doing so, this should facilitate the enforcement of child support benefits through income deduction orders, which previously could be circumvented by independent contractor pay structures.

What Do You Need to Do?

For businesses already familiar with the new hire reporting process, the process for contractors is largely the same and can be accomplished through the same [online reporting tool](#). Below is a summary of the reporting requirements under the new law:

- A business (service recipient) must report to the State Directory of New Hires an individual who is not an employee, but who the service recipient pays \$600 or more per calendar year for services rendered in the course of its trade or business.
- The following information will be required in the reporting:
 1. The Independent Contractor's
 - Name;
 - Address;
 - Social security number; and
 - Date of birth (if available);
 2. The date services for payment were first rendered by the individual; and
 3. The name, address, and federal employer identification number of the service recipient.
- Service recipients must make the report within 20 days after the earlier of:
 1. The date of the first payment made which requires an information return in accordance with section 6041A(a) of the 452 Internal Revenue Code of 1986; or
 2. The date on which a contract providing for such payments is entered into.
- When a service recipient reports individuals electronically, the reports may be made by two monthly transmissions, if

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necessary, but may not be less than 12 days or more than 16 days apart.

What Should You Do?

Florida businesses that utilize independent contractors should take immediate steps to determine whether individuals will meet the \$600 threshold before the end of the calendar year to ensure timely reporting occurs. Businesses that are in the process of engaging the services of new contractors need to determine whether the arrangement will trigger the \$600 reporting threshold with the execution of any agreement. Finally, businesses that have not utilized the new hire reporting system in the past can [register here](#) to set up an account for electronic reporting.

We will continue to monitor for ongoing developments with the new Florida law. Make sure you are signed up for [Fisher Phillips Insight System](#) to receive the latest news. For more information, contact your Fisher Phillips attorney, the authors of this Insight, or one of the attorneys in [any of our Florida offices](#).