

From: IRS Newswire <irs@service.govdelivery.com>  
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<b>IRS Newswire</b>		<b>September 15, 2021</b>
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	<b>IRS reminds business owners to correctly identify workers as employees or independent contractors</b>  <p>WASHINGTON — During <a href="#">National Small Business Week</a>, the Internal Revenue Service reminds business owners that it's critical to correctly determine whether the individuals providing services are employees or independent contractors.</p> <p>An employee is generally considered to be anyone who performs services, if the business can control what will be done and how it will be done. What matters is that the business has the right to control the details of how the worker's services are performed. Independent contractors are normally people in an independent trade, business or profession in which they offer their services to the public. Doctors, dentists, veterinarians, lawyers, accountants, contractors, subcontractors, public stenographers or auctioneers are generally independent contractors.</p> <p><b>Independent contractor vs. employee</b> Whether a worker is an independent contractor or an employee depends on the relationship between the worker and the business. Generally, there are three categories to examine:</p> <ul style="list-style-type: none"> <li>• <b>Behavioral Control</b> – does the company control or have the right to control what the worker does and how the worker does the job?</li> <li>• <b>Financial Control</b> – does the business direct or control the financial and business aspects of the worker's job. Are the business aspects of the worker's job controlled by the payer? (Things like how the worker is paid, are expenses reimbursed, who provides tools/supplies, etc.)</li> <li>• <b>Relationship of the Parties</b> – are there written contracts or employee type benefits (i.e. pension plan, insurance, vacation pay, etc.)? Will the relationship continue and is the work performed a key aspect of the business?</li> </ul> <p><b>Misclassified worker</b> Misclassifying workers as independent contractors adversely affects employees</p>	
<b>The Newsroom Topics</b>  <a href="#">Multimedia Center</a>  <a href="#">Noticias en Español</a>  <a href="#">Radio PSAs</a>  <a href="#">Tax Scams</a>  <a href="#">The Tax Gap</a>  <a href="#">Fact Sheets</a>		

<p><a href="#">IRS Tax Tips</a></p> <p><a href="#">Armed Forces</a></p> <p><a href="#">Latest News Home</a></p>	<p>because the employer's share of taxes is not paid, and the employee's share is not withheld. If a business misclassified an employee without a reasonable basis, it could be held liable for employment taxes for that worker. Generally, an employer must withhold and pay income taxes, Social Security and Medicare taxes, as well as unemployment taxes. Workers who believe they have been improperly classified as independent contractors can use <a href="#">IRS Form 8919, Uncollected Social Security and Medicare Tax on Wages (.pdf)</a> to figure and report their share of uncollected Social Security and Medicare taxes due on their compensation.</p>
<p><b>IRS Resources</b></p> <p><a href="#">Compliance &amp; Enforcement</a></p> <p><a href="#">Contact My Local Office</a></p> <p><a href="#">Filing Options</a></p> <p><a href="#">Forms &amp; Instructions</a></p> <p><a href="#">Frequently Asked Questions</a></p> <p><a href="#">News</a></p> <p><a href="#">Taxpayer Advocate</a></p> <p><a href="#">Where to File</a></p> <p><a href="#">IRS Social Media</a></p>	<p><b>Voluntary Classification Settlement Program</b>  The <a href="#">Voluntary Classification Settlement Program (VCSP)</a> is an optional program that provides taxpayers with an opportunity to reclassify their workers as employees for future tax periods for employment tax purposes with partial relief from federal employment taxes for eligible taxpayers that agree to prospectively treat their workers (or a class or group of workers) as employees. Taxpayers must meet certain eligibility requirements, apply by filing <a href="#">Form 8952, Application for Voluntary Classification Settlement Program</a>, and enter into a closing agreement with the IRS.</p> <p><b>Who is self-employed?</b>  Generally, someone is self-employed if any of the following apply to them.</p> <ul style="list-style-type: none"> <li>• They carry on a trade or business as a <a href="#">sole proprietor</a> or an <a href="#">independent contractor</a>.</li> <li>• They are a member of a <a href="#">partnership</a> that carries on a <a href="#">trade or business</a>.</li> <li>• They are otherwise in business for themselves (including a <a href="#">part-time business</a>).</li> </ul> <p>Self-employed individuals generally are required to file an annual tax return and pay estimated tax quarterly. They generally must pay self-employment tax (Social Security and Medicare tax) as well as income tax. Self-employed taxpayers may be able to claim the <a href="#">home office deduction</a> if they use part of a home for business.</p>
	<p><b>What about the gig economy?</b>  The <a href="#">gig economy</a> – also called sharing economy or access economy—is activity where people earn income providing on-demand work, services or goods. Gig economy income must be reported on a tax return, even if the income is: from part-time, temporary or side work; not reported on a Form 1099-K, 1099-MISC, W-2 or other income statement; or paid in any form, including cash, property, goods or virtual currency.</p> <p><b>Help spread the word - Advance Child Tax Credit</b>  The IRS encourages employers to help get the word out about the <a href="#">advanced payments of the Child Tax Credit</a> during Small Business Week. Employers have direct access to many who may receive this credit. More information on the Advanced Child Tax Credit is available on <a href="#">IRS.gov</a>. The website has <a href="#">tools employers can use</a> to deliver this information, including e-posters, drop-in articles (for paycheck stuffers, newsletters) and social media posts to share.</p> <p><b>For more information and help</b>  The <a href="#">Self-Employed Individuals Tax Center</a> has information for those who are in an independent trade, business or profession in which they offer their services to the general public.</p> <p><a href="#">Small Business Taxes: The Virtual Workshop</a> is composed of nine interactive lessons designed to help new small business owners learn their tax rights and responsibilities.</p> <p>The <a href="#">IRS Video Portal</a> contains video and audio presentations on topics of interest to small businesses, individuals and tax professionals.</p> <p><a href="#">Back to Top</a></p>