

IRS Amnesty on Independent Contractors: Really a DOL Sucker Punch?



The IRS has [announced](#) a voluntary self-reporting program for eligible employers who are concerned that their independent contractors should actually be classified as employees. If you cop to misclassifying independent contractors, you get IRS amnesty on a bunch of back taxes and penalties. In exchange, you must promise to start treating the workers as employees going forward. That means you pay state and federal payroll withholding taxes.

Doesn't sound half bad. Any hidden risks to copping out?

Absolutely. The IRS may forgive your past sins, but not the DOL. Don't forget that misclassifying workers as independent contractors triggers liability for overtime pay. Nothing in the IRS's amnesty plan keeps the DOL from prosecuting you separately for unpaid overtime and penalties.

In fact, the IRS and DOL recently [renewed their vows](#) to share information on workers misclassified as independent contractors. So, if you self-report, it sure looks like the IRS will rat you out to the DOL.

Nice job. Think twice before jumping into this one.



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