

FLORIDA BUSINESSES REQUIRED TO REPORT INDEPENDENT CONTRACTOR HIRES EFFECTIVE 1 OCTOBER 2021

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Labor, Employment, and Workplace Safety Alert

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Effective 1 October 2021, certain Florida businesses will be required to submit new hire information for their independent contractors to the Florida Department of Revenue. Specifically, Florida businesses that have paid an independent contractor US\$600 or more in a calendar year must submit new hire information within 20 days after their first payment to the independent contractor or the date on which the business and independent contractor entered into the contract, whichever is earlier. This is a significant and potentially burdensome change for Florida businesses that previously were unburdened by any state reporting requirements for their independent contractors.

OVERVIEW AND BACKGROUND

On 16 June 2021, Florida Governor Ron DeSantis signed into law [Senate Bill 1532](#). The law's requirements go into effect 1 October 2021. Among other provisions, the new law amends Section 409.2576 of the Florida Statutes concerning the State Directory of New Hires. With this amendment, the law now requires any "service recipient" in Florida to submit a report to the State Directory of New Hires for each individual who is not an employee but who is nonetheless paid US\$600 or more per calendar year for services. Previously, the law only required employers/service recipients to provide a report to the State Directory of New Hires for their employees and made it optional for businesses to provide the same information for their independent contractors. The new law defines "service recipient" broadly 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, the new reporting requirement arguably extends beyond formally registered businesses. The report must include the (i) name, (ii) address, (iii) social security number or other identifying number assigned to the individual under section 6109 of the Internal Revenue Code, (iv) the date services for payment were first rendered by the individual, and (v) the name, address, and employer identification number of the service recipient.

As was previously applied to reporting of employees, the amended law contains a carve-out that exempts reporting for workers contracted by or under contract with a federal or state agency performing intelligence or counterintelligence functions whereby reporting could endanger the safety of the worker or compromise an ongoing investigation.

KEY TAKEAWAYS

- Businesses should evaluate their existing independent contractor relationships and determine their reporting requirements under the new law.

- Businesses that engage a payroll or accounting service for new hire reporting should confirm its compliance with the new reporting requirements.
- Businesses should update their internal onboarding and reporting policies to ensure compliance with the new law.
- Given that the State will now have increased access to independent contractor information, businesses should consider performing an audit of their worker classifications to ensure that their independent contractors are properly classified.

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