INDEPENDENT CONTRACTOR CLASSIFICATION COMPLIANCE

It is critical that the Research Foundation properly categorizes Independent Contractors.

- Properly categorizing an individual as an Independent Contractor is not only a federal mandate, it is also a California State mandate as well.
- California’s Labor and Workforce Development Agency can issue fines for “willfully misclassifying” an employee. Fines can range from $5,000 to $15,000 per violation.
- The penalty goes up to $25,000 per violation if the Agency determines that the employer committed a “pattern and practice” of “willfully misclassifying” workers.
- There may also be joint and several liability for consultants (but excluding practicing lawyers) who advise employers on such Independent Contractor engagements.
- These penalties are in addition to existing penalties, interest and taxes for misclassifying contractors.
- California’s Labor Commissioner can enforce the law, but Private Attorney General Act lawsuits may also be allowed.
- If a business is held to have willfully misclassified an independent contractor, a prominent public notice must be posted for one year on a website or worksite reciting the misclassification.