

---

## The Differences Between Independent Contractors and Employees

*Gray Reed's Employer Handbook*

January 4, 2011

Uncle Sam needs tax dollars in a down economy and he knows independent contractors often forget to report all or a portion of their income. That is why the Department of Labor and IRS have recently teamed up in a joint effort to catch businesses who improperly characterize employees as independent contractors.

Of course, a down economy is exactly the reason for recent stories of employees recharacterized as independent contractors overnight. Employers don't have to meet all those pesky matching requirements for taxes and 401(k) plans for independent contractors and it can save a lot of money short term.

This combination makes for bad decisions we hope you will avoid by reading this month's issue of the Employer Handbook.

[Click here](#) to read and download the entire article.