

BACKGROUNDER:

What are 1099 compliance services and why are they important?

Compliance services help employers reduce the risks associated with engaging independent contractors for defined projects. An independent contractor can also be referred to as a 1099 worker, freelancer, business owner or IC.

Many companies are unclear about the criteria used to properly classify an independent contractor. Multiple tests, multiple agencies and interdependencies can make proper classification difficult and confusing. Experts in 1099 compliance help ensure that employers can engage specialized talent safely and with minimal risk of financial exposure.

Without the application of the proper evaluation processes and documentation, employers can be liable for fines and penalties from multiple auditing entities, in addition to private right of action lawsuits. Audits can be triggered by a number of events, including unemployment claims, workers' compensation claims and instances of wage and hour or Equal Employment Opportunity Commission (EEOC) discrepancies.

Outsourced providers of 1099 compliance services identify gaps within existing processes and high-risk independent contractors. These subject matter experts put people and processes in place, to build a strong foundation for safely engaging independent contractors. This includes comprehensive, technology-enabled evaluations, audit file documentation and communication to all stakeholders.

In the event of a non-qualified independent contractor, 1099 compliance firms can offer an employer of record/payroll alternative that can include a robust benefits package. These payroll services are designed to help companies retain valuable talent without the associated risks.

Outsourced providers of 1099 compliance services:

- Provide black-and-white clarity to the gray-area issue of worker classification.

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- Evaluate existing practices with contractors and deliver appropriate guidelines for future interaction.
- Reduce the risks of an audit and deliver audit support in the form of documentation and participation.
- Maximize the ability for a company to compete for hard-to-find talent.

As the highly skilled talent pool continues to shrink, more companies are looking for creative solutions to engage independent contractors. “Talent is very scarce where we need it most,” says Jeff Phelps, president of the 1099 compliance firm, Secure Talent.

“Companies can’t afford to be slow in their process of engaging hard to find talent. Many companies want to move quickly to engage talent and do so without fully understanding the potential risks of employment misclassification,” he adds. “The number of companies plagued by this issue is growing every day, forcing legislators, government agencies and workers to take severe action.”

Headquartered in San Francisco, Calif., Secure Talent, Inc. offers nationwide 1099 compliance and complete payroll services to businesses that engage independent contractors. Secure Talent specializes in helping companies attract and retain talent without the risks of reclassification or financial exposure. For more information, please visit www.securetalent.com. Media inquiries, please contact Jessica Lee at 619.584.3459 or media@securetalent.com.

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