



September 21, 2011

Employee Reclassification Heats Up

Employee reclassification was a hot issue 10 years ago with the Microsoft and other high profile reclassification decisions. However, recently reclassification is back in the news with two new items. First, the DOL and IRS recently announced a "memorandum of understanding" in which they agreed to cooperate with each other in reclassification investigations. Second, the IRS today announced a new reclassification settlement program regarding withholding taxes. Employers should dust off their employee classifications in plan documents and SPDs to see if there is any exposure. A link to the IRS settlement program follows.

<http://www.irs.gov/pub/irs-drop/a-11-64.pdf>