



## Employee Misclassification

### How to separate what's TRUE from what could be a costly mistake.

The IRS and U.S. Department of Labor are more vigilant than ever about enforcing proper employee classification. That means it is absolutely critical to correctly categorize your crew members as either independent contractors (1099s) or part-time employees (W-2s) in order to adhere to regulatory guidelines and avoid penalties. According to the U.S. Department of Labor, "misclassification" refers to a worker who is an employee under the law, but the individual is inaccurately classified as something other than an employee.

## TRUE OR FALSE?

Classification doesn't matter. Companies can dictate what their crew member should be based on whatever is best for their business and/or what their crew members would like to be.

**FALSE**



In the past, little attention was paid to whether you hired a W-2 or 1099 crew. However, as the gig economy continues to grow and more and more employers hire contingent workforces, regulatory interest and scrutiny has increased substantially.

The government is now cracking down on employers who misclassify workers in order to lessen the administrative burden associated with independent contractors and streamline tax payment collections.

Check out LASSO's Whitepaper for more information on this here: [www.lasso.io/whitepapers/](http://www.lasso.io/whitepapers/)



## TRUE OR FALSE?

W-2s cost more than 1099s.

**FALSE**



While it is true that you don't have to pay 1099 contractors health and pension benefits, it's also true that an independent workforce could cost you more money in the long run.

Misclassifying your workforce can lead to costly fines or audits.

W-2 crew can save you money by being able to bill your customers sooner, without having to wait for invoices from different contractors.

With LASSO, you also have full control over whether and when your crew reaches full-time or overtime status, eliminating the need for benefits or added costs.



## TRUE OR FALSE?

The Event Service industry doesn't hire W-2 crews.

**FALSE**

In the past, the Event Service industry relied almost entirely on 1099 contractors. Nowadays, more and more companies are practicing due diligence and ensuring their crew members are properly classified as either part-time W-2 employees or 1099 contractors.

Percentage of companies who hire W2 employees



2015



2016

## TRUE OR FALSE?

We'll lose crew members if we start reclassifying.

**FALSE**

There are benefits to your freelancers transitioning to W-2s



Access to state unemployment benefits



Save money on individual Workers Compensation Insurance



Time savings



Get paid faster



Have less exposure



Be a bigger part of the team

Most companies have already made the transition, so crew members are probably already working as W-2 employees elsewhere.

## TRUE OR FALSE?

Hiring a W-2 is a good business decision for your company and provides great benefits for your people.

**TRUE**

Hiring a W-2 crew can keep both you and your crew members out of hot water or potential audits.

With LASSO's event workforce management software, you can effectively manage vital labor processes as you work to properly classify your workforce.

[www.LASSO.io](http://www.LASSO.io)



Sources: <https://www.lasso.io/blog/7-important-benefits-of-hiring-w-2-employees-vs-continuing-to-use-1099s/>  
<https://www.lasso.io/blog/7-important-benefits-of-hiring-w-2-employees-vs-continuing-to-use-1099s/>  
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