

Blog Post

Using A Contractor? New Reporting Requirements in Florida

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Florida has imposed a substantial new reporting requirement on employers and businesses who utilize independent contractors. Businesses need to be prepared; the new requirement takes effect October 1, 2021.

Governor DeSantis signed Senate Bill 1532 into law on June 16. The law, inspired by similar laws in states like California, Massachusetts, Michigan, Ohio, Texas, and Utah, requires certain Florida businesses and individuals to report information on independent contractors the business uses to the Florida Department of Revenue. The information will be uploaded to the State Directory of New Hires, which is used to help collect child support payments.

Specifically, the new reporting requirement applies to “service recipients,” which the law defines as any person or entity “engaged in a trade or business who pays an individual for services rendered in the course of such trade or business.” If a Service Recipient pays an independent contractor \$600 or more in a given calendar year, the Service Recipient must report the contractor’s name, address, social security, or tax identification number, and the date the contractor first provided services to the Service Recipient. The law does not require the reporting of information from intelligence or counterintelligence workers performing services for the federal or state

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governments, if reporting the worker's information would jeopardize the worker's safety or compromise an investigation.

The Service Recipient must report a covered contractor's information within 20 days of entering into the agreement with the contractor or making the first payment to the contractor, whichever is earlier.

Florida's Senate Committee on Children, Family, and Elder Affairs explained the law's purpose: "income paid to individuals not classified as employees is not reported to the State Directory of New Hires, limiting the ability of the Child Support Program to collect child support by income deduction... Mandatory reporting of these individuals in the same manner as employees could result in increased child support collections for families."

In preparing to comply with the new law, Florida businesses and individuals should examine their independent contractor relationships and determine whether a given contractor's information will need to be reported.

If you have questions regarding whether Florida's new reporting rule applies to you, or what your obligations are under the law, contact your Akerman attorney.

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