

New task force to crack down on employee misclassification

Worker classification and compliance takes center stage

PORTLAND, OREGON, UNITED STATES, April 27, 2021 /EINPresswire.com/ -- Worker classification and [compliance](#) is in the spotlight once again.

A few years ago in Arizona, a group of workers were re-classified overnight from being employees to 'members' of the limited liability organization and who subsequently were no longer under the protection of federal and state wage and safety laws.

A federal investigation into the situation found that 16 defendants in Utah and Arizona had misclassified workers. The companies were forced to pay \$700,000 in back wages and penalties for more than 1,000 construction industry workers in the Southwest.

In a report produced by the Institute for Construction Economic Research in January it is estimated that more than 12,000 construction workers in the state, representing about 11.4 percent of industry employees, were misclassified or working off the books in 2018.

In the state of Nevada, a task force has been assembled to address the multi-million dollar issue of employee [misclassification](#) and started meeting regularly from early in 2021.

The issue of misclassification impacts businesses and governments domestically and globally. Governments will continue to crack down on lost revenue and recoup thousands of dollars from



unpaid payroll taxes.

As states begin to reopen and recuperate their losses, we expect more of these to follow, as states crack down on lost revenue due to these misclassification issues. Now more than ever, organizations need to be cautious not to take shortcuts to save time or money, when the risk of severe penalties could follow.

Contact CXC directly to discuss how your organization may be at risk of misclassification of workers and to perform an audit of your current workforce. CXC's proprietary compliance cloud platform, CXC Comply, ensures the correct classification of your [contingent workforce](#) and includes background checks, vetting and right to work checks.

Check out our articles about misclassification here.

With the adoption of remote worker models and hybrid workforces, now more than ever it's essential to ensure your workers are classified correctly and avoid misclassification penalties and fines.

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