

FANNING THE FLAMES OF CONTROVERSY

WHO GETS BURNT IN THE INDEPENDENT CONTRACTOR DEBATE?

THE SEQUEL

TAMING THE FLAMES OF CONTROVERSY

ARE WE ONLY SINGED NOT BURNT?

CSCPA FEDERAL TAX FORUM

DECEMBER 16-17, 1996

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New Independent Contractor Debate?
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I. Is anything different? You Bet!

- A. Background - Section 530 Protection
 - 1. Fights over applicability
 - (a) Challenging prior audit protection
 - 2. Unreasonable requests by Service e.g. REAG
- B. Prominent Cases
 - 1. Smokey Mountain Secrets
 - 2. McClellan
 - 3. Microsoft, Butts, Ltr. Ruling 9546018
- C. The IRS Worker Classification Training Module - Employee or Independent Contractor?
- D. Classification Settlement Program Two Year Test beginning March 5, 1996 (fact sheet (FS) - 96-5)
- E. New Settlement Program for Benefits?
- F. Early Referral Program One Year Test beginning March 18, 1996 (Rev. Proc. 96-9) Announcement 96-13
- G. Small Business Job Protection Bill of 1996
- H. MSSP- MSU's - still valid
- I. Have We Achieved Our Bright Line Test?

II. 1977 IRS Audit Compliance Agenda for Worker Classification

- A. Only egregious cases where shifting occurs
- B. Where no 1099's were filed

III. Legislative Proposals

- A. Bond-Nickles Bill

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- B. Christensen-Kim Bill
- C. Other proposals - AICPA

IV. Summary

How should CPA's react?

- A. Body of information is expanding making job tougher

- 1. Training Materials
- 2. CSP
- 3. Early Referral
- 4. MSSP's & MSU's
- 5. Legislation

- B. Document by

- 1. Contemporaneous Research
- 2. Put it in writing

- C. Be alert to contradictory announcements

e.g. MSU on limousines contradicting Classification Settlement Program