

Press Coverage | May 19, 2021

New York Partner Richard Reibstein Quoted by Law360 on Common Misconception That Tax Law Impacts Independent Contractor Classification

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Richard Reibstein, a New York Partner in Locke Lord's Labor and Employment Practice Group and co-head of the Firm's Independent Contractor Misclassification and Compliance Practice, was quoted by Law360 on takeaways from a 9th Circuit misclassification case including a common misconception regarding tax laws and their impact on independent contractor classification. Reibstein said the case, in which the U.S. Department of Labor says call center workers are owed \$1.5 million in back wages, is a reminder that independent contractor classification comes into play under a variety of laws that use different tests to pursue different purposes. An example is taxation, which is not directly related to employment law but may be seen as a distant cousin because of its connection to workers' paychecks.

"A large number of direct selling companies mistakenly believe that an IRS rule, which says that direct sellers are not employees if paid on a commission-only basis, also applies to the federal and state wage and hour laws," Reibstein said. Because of this misconception, direct selling companies often don't give independent contractor classification the attention it deserves, he added.

"Businesses in this industry should do just the opposite — enhance their level of contractor compliance," Reibstein concluded.

To read the full article, click [here](#) (*subscription may be required*).

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