When a business cheats, Wisconsin loses.

Worker misclassification is cheating, and cheaters shouldn’t win.

What is Worker Misclassification?
It is the unlawful practice of labeling employees as independent contractors. Misclassification is cheating because it allows employers to avoid paying benefits (health and retirement), liability insurance, unemployment insurance, and withhold taxes.

Why is misclassification bad?
Misclassified employees are often denied access to critical benefits and protections they are entitled to by law.

As an INDEPENDENT CONTRACTOR, you may:
- Not be protected by Family and Medical Leave Act (FMLA).
- Not always be protected under safe workplace laws.
- Not always be protected under civil rights laws.
- Not be entitled to overtime compensation.
- Not be eligible for state unemployment benefits.

Additionally, an INDEPENDENT CONTRACTOR:
- Must withhold your own federal, state, and local taxes.
- Must fund your own health and liability insurance.
- Must submit quarterly estimated taxes to IRS.
- Must fund your own retirement account.
  - NOTE health and liability insurance rates are typically higher than group rates an employer can get for their employees.

As an EMPLOYEE, you are:
- Protected by Family and Medical Leave Act (FMLA).
- Protected under non-discrimination laws.
- Entitled to receive minimum wage.
- Entitled to receive worker’s compensation.
- Protected under safe workplace laws.
- Eligible for state unemployment benefits.
- Entitled to receive overtime compensation.

What happens when an employer misclassifies?
DWD vigorously investigates misclassification, and when it's found, DWD imposes:
- TAX,
- PENALTIES, and/or
- INTEREST,
- CRIMINAL PROSECUTION when warranted.

If you have any questions about misclassification or would like to report a violation, please visit: https://dwd.wisconsin.gov/worker-classification

The Department of Workforce Development is an equal opportunity service provider. If you need assistance to access services or need material in an alternate form, please contact the Division of Equal Rights at (608) 266-6860.