



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 eligible for state unemployment benefits.
- ▶ **Not** be entitled to minimum wage.
- ▶ **Not** be entitled to overtime compensation.
- ▶ **Not** be entitled to worker's compensation.

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.