

FLORIDA REQUIRES NEW HIRE REPORTING OF INDIVIDUAL INDEPENDENT CONTRACTORS PAID \$600 OR MORE DURING ANY CALENDAR YEAR – EFFECTIVE OCTOBER 1, 2021

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Florida Requires New Hire Reporting of Individual Independent Contractors Paid \$600 or More during Any Calendar Year – Effective October 1, 2021

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On June 16, 2021, Florida Governor Ron DeSantis signed Senate Bill 1532 into law, amending Section 409.2576 of the Florida Statutes to include rules requiring “new hire” reporting of any “individual who is not an employee” that is paid certain amounts for services rendered during any calendar year. The statute now applies to all employers and “service recipients” in Florida, who must report to the State Directory of New Hires each newly hired or rehired employee or individual who is not an employee and who is paid for services rendered. A service recipient is defined as a person [or entity] engaged in a trade or business who pays an individual for services rendered in the course of such trade or business.

In passing this law, Florida became one of a number of states that require “new hire” reporting of independent contractors.

Note: It is currently unclear whether nonprofit organizations that are not engaged in business-type activities are considered to be “engaged in a trade or business” for the purposes of the definition of “service recipient.” We have reached out to the Florida Department of Revenue to inquire about the applicability of the law to nonprofit organizations but have not received any definitive response to the question. In the absence of more specific guidance, nonprofit organizations may wish to take the

conservative approach of assuming that the new law applies to them, regardless of the nature of their activities.

We also note that the use of the specific terminology “individual who is not an employee” appears to mean that the reporting requirement does not apply to service providers that are business entities such as limited liability companies (LLCs), even if owned and operated by only one person. While the new law does not specifically address that point, the requirement that the information to be reported (see below) is to include a “social security number” lends credence to that understanding of the law.

The reporting requirements include providing the name, address, and social security number of the service provider; the date services for payment were first rendered by the service provider; and the name, address, and employer identification number of the service recipient (i.e., payor).

Required reports must be made within 20 days after the earlier of (i) the date of the first payment made that would cause a Form 1099-NEC to be required for a calendar year (i.e., the date on which the service provider is first paid a cumulative amount of \$600 or more during a calendar year), or (ii) the date on which a contract is first entered into between the service recipient and the service provider requiring payments of \$600 or more during a calendar year.

Service recipients have options for the manner and format for reporting. Information about those options is available at the website provided below.¹

We recommend that nonprofit organizations evaluate payments made to individual independent contractors beginning on October 1, 2021, and address applicable reporting requirements for the 2021 calendar year. Additionally, we recommend that organizations evaluate payments made to independent contractors and the related reporting requirements in future years.

¹ Source: <https://servicesforemployers.floridarevenue.com/Pages/home.aspx>.