

Publications

IRS Announces New Voluntary Worker Classification Settlement Program

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On September 21, 2011, the Internal Revenue Service (IRS) published Announcement 2011-64, which for the first time provides a voluntary worker classification program for employers who want to prospectively treat all or some of their workers as common law employees. Specifically, the program – The Voluntary Classification Settlement Program (VCSP) – allows eligible taxpayers to voluntarily reclassify their workers for federal employment tax purposes and obtain tax relief similar to that obtained in the current Classification Settlement Program (CSP), which is only available upon IRS examination.

In light of the legislative proposals over the last few years that threaten to severely restrict the existing 530 relief and the existing CSP relief programs available upon audit), this is a welcome step in the right direction for these historically difficult, facts and circumstances issues. The key components of VCSP are described in the attached memo.

[IRS Announces New Voluntary Worker Classification Settlement Program](#)