

FOR IMMEDIATE RELEASE
September 2011

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IRS's New Voluntary Worker Classification Settlement Program (VSCP) is disguised as Amnesty for Small Businesses

Tax Resolution Services, Co. sees IRS' New Announcement of their VCSP as a Payroll Tax "Fresh Start" settlement program for misclassified workers.

Encino, CA—Tax Resolution Services, Co. (TRS), an expert in [payroll tax problem resolution](#), sees the IRS' recent announcements about their new payroll tax relief program as a tremendous settlement vehicle for business owners who are, or may be, classifying their workers as independent contractors vs. W-2 employees.

"Under the new federal program announced last week, business owners have an opportunity to reclassify contractors as employees and make a very small payment to cover past payroll taxes and settle." says Michael Rozbruch, Founder and CEO of [Tax Resolution Services](#). "This is significant because if the IRS audits you, they automatically go back 3 years, and the monetary "hit" is generally 40% of your 1099 gross amounts, thus forcing the unsuspecting business owner to close its doors. I have seen this happen, first hand, numerous times. Under this new "amnesty" program, the IRS will not only audit you for just the current year, your tax bill may be reduced from 40% (of 1099s) to anywhere between 33% and to as low as an unimaginable 1%!!!"

"Small businesses need to be honest about employees versus contractors, but I worry that this IRS settlement program could also serve as a campaign to increase collections from confused businesses. We have to remember that the IRS is the most brutal collection agency on the planet. We need to pay taxes, but small businesses need smart representation too. Yes, some deliberately misclassify their workers in order to evade offering benefits and avoiding payroll taxes, but the ethical business owners who are confused about the difference between an employee and an independent contractor who are getting lured to go forward to the IRS without representation could end up paying additional payroll taxes unnecessarily."

Under the newly announced Voluntary Classification Settlement Program (VCSP), eligible employers can obtain substantial relief from federal payroll taxes they may have owed for the past, if they prospectively treat workers as employees. The VCSP is available to many businesses, tax-exempt organizations and government entities that currently erroneously treat their workers or a class or group of workers as nonemployees or independent contractors, and now want to correctly treat these workers as employees. Employers accepted into the program will pay an amount effectively equaling just over one percent of the wages paid to the reclassified workers for the past year. No interest or penalties will be due, and the employers will not be audited on payroll taxes related to these workers for prior years. Participating employers will, for the first three years under the program, be subject to a special six-year statute of limitations, rather than the usual three years that generally applies to payroll taxes.

Rozbruch says, "Walking the line between hiring employees versus independent contractors can be a fine one. In order to avoid unpaid employment taxes or payroll tax problems you should research the facts, correctly classify all workers, ensure that they are aware of their rights and responsibilities and have the paperwork to prove it close at hand. I highly recommend consulting with a [Certified Tax Resolution Specialist](#) to answer your questions about worker classification, [delinquent payroll taxes](#), Voluntary Classification Settlement Program and other IRS problems – the new initiative seems more like a marketing campaign by the IRS to collect more taxes than anything. However, if strategized properly, you may be able to enjoy the same great results compared with the IRS's [offer in compromise](#) program"."

Tax Resolution Services, Co.®, the nation's leading experts in tax negotiation and mediation®, is dedicated to providing affordable solutions to businesses and individuals alike who find themselves in trouble with the IRS. TRS is a member of the Tax Problem Resolution Services Coalition (TPRSC), based out of Washington, D.C. For more information or to receive a FREE tax relief consultation, visit www.TaxResolution.com or call 888-851-5894.