NYS Employer Requirements for Reporting Independent Contractors

NYC Child Support Employer Conference 2024





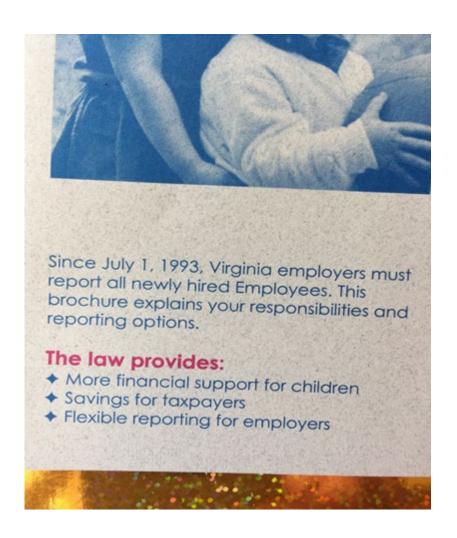
NYS Employer Requirements for Reporting Independent Contractors

- Overview Federal and State New Hire Reporting Requirements
- New York's Requirement to Report Independent Contractors
- Implementation Considerations
- Resources





New Hire Reporting Laws





What is the Purpose of New Hire Reporting?

☐ New Hire Reporting helps children receive vital support

Helps to quickly locate fathers and noncustodial (paying) parents to help establish paternity and child support

Key to the income withholding process, streamlining collection of support from parents who become employed or change jobs





Federal New Hire Reporting Requirements – Then and Now

- Employers must report all newly hired or rehired employees to the State Directory of New Hires (SDNH)
- W-4 or equivalent form
- State may prescribe the reporting timeframe, but not later than 20 days from the date of hire or if reporting electronically, 2x/month

(42 U.S.C. 653a; N.Y. ;Tax Law 171-h)





Federal Requirements for States and the Child Support Program

States must:

- ☐ Enter information in State Directory within 5 business days
- ☐ Transmit to National Directory within 3 days

Child Support Program must:

- ☐ Match New Hire data against child support administrative records
- ☐ Use matched information to obtain noncustodial parents' location and employer name and location
- ☐ Send income withholding notice to employers within 2 days





What's New - Reporting Independent Contractors

Employers must report independent contractors to SDNH:

- NYS Chapter Law 504, Effective January 1, 2022
- Amended New Hire Reporting Law (NY Tax Law 171-h)
- Requires employers to report "individuals under an independent contractor relationship with contracts in excess of \$2,500"





What's New – Reporting Independent Contractors

☐ What to Report:

- Independent contractor's name, address, Social Security Number
- Date services first performed by independent contractor
- Employer name, address, Federal Employer Identification Number (FEIN)

☐ How to Report:

- New York New Hire Online Reporting Center www.nynewhire.com
- Employers **must** report independent contractors using the online reporting link above, **not** Form IT-2104.





Implementation Considerations

- ☐ Update onboarding procedures for independent contractors
- Coordinate between accounts payable and payroll
 - New Hire Reporting
 - Compliance with IWOs Employers are required to comply with IWOs for independent contractors just as they do with employees
- ☐ Consider reporting all independent contractors, not just those with contracts exceeding \$2,500





Helpful Resources

- ☐ NYS Division of Child Support Services (DCSS)
 - New Hire Employer Fact Sheet https://es.childsupport.ny.gov/ dcse/pdfs/CSFS NewHire.pdf
- NYC OCSS Employer Page:
 https://www.nyc.gov/site/hra/help/ocss-employers.page

- ☐ NYS Dept of Tax & Finance (DTF)
 - New Hire Online Reporting Center <u>www.nynewhire.com</u>
 - New Hire Frequently Asked Questions https://www.tax.ny.gov/bus/wt/newhire faq.htm

