

HR 3396

To amend the Internal Revenue Code of 1986 to change the classification of employers and employees for services providers.

Congress: 115 (2017–2019, Ended)

Chamber: House

Policy Area: Taxation

Introduced: Jul 25, 2017

Current Status: Referred to the House Committee on Ways and Means.

Latest Action: Referred to the House Committee on Ways and Means. (Jul 25, 2017)

Official Text: <https://www.congress.gov/bill/115th-congress/house-bill/3396>

Sponsor

Name: Rep. Paulsen, Erik [R-MN-3]

Party: Republican • **State:** MN • **Chamber:** House

Cosponsors (1 total)

Cosponsor	Party / State	Role	Date Joined
Rep. Stefanik, Elise M. [R-NY-21]	R · NY		Oct 31, 2017

Committee Activity

Committee	Chamber	Activity	Date
Ways and Means Committee	House	Referred To	Jul 25, 2017

Subjects & Policy Tags

Policy Area:

Taxation

Related Bills

Bill	Relationship	Last Action
115 HR 4165	Related bill	Oct 27, 2017: Referred to the House Committee on Ways and Means.
115 S 1549	Related bill	Jul 13, 2017: Read twice and referred to the Committee on Finance.

This bill amends the Internal Revenue Code to establish a test for determining if a service provider should be classified as an independent contractor rather than as an employee for tax purposes.

If the requirements of the test are met, the provider may not be treated as an employee, the recipient or any payor may not be treated as an employer, and compensation for the service may not be treated as paid or received with respect to employment.

The factors of the test include:

- the relationship between the parties (i.e., the provider incurs expenses or risks income fluctuations; does not work exclusively for a single recipient; performs the service for a particular amount of time, to achieve a specific result, or to complete a specific task; or is a sales person compensated primarily on a commission basis);
- the place of business or ownership of the equipment (i.e., the provider has a principal place of business, which can be home or mobile-based, or bears financial responsibility for the equipment used to provide the service); and
- the services are performed under a written contract that meets certain requirements (i.e., specifies that the provider is not an employee, the recipient will satisfy reporting requirements, and that the provider is responsible for taxes on the compensation).

The bill also sets forth: (1) reporting requirements for service recipients who meet the requirements of the test, and (2) procedures for the reclassification of employment status by the Internal Revenue Service.

Actions Timeline

- **Jul 25, 2017:** Introduced in House
- **Jul 25, 2017:** Referred to the House Committee on Ways and Means.