

Reporting Independent Contractors

Recent changes to Ohio law now require employers to report Independent Contractors as new hires. Read on to learn more about the new reporting requirement.

[Electronic Reporting Specifications](#) Revised to include Independent Contractor Information

[Ohio New Hire Reporting Form](#) Revised to include Independent Contractor information

[New Requirements for Employers Brochure](#) Revised to include Independent Contractor information



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What Are the New Reporting Requirements for Contractors?

1. What is the new law that requires contractors to be reported as new hires?

Important changes have been made to the definitions of "contractor" and "employer" in sections 3121.89 of the Ohio Revised Code. These are now defined as:

"Contractor" means an individual who provides services to an employer as an independent contractor for compensation that is reported as income other than wages and who is an individual, the sole shareholder of a corporation, or the sole member of a limited liability company. "Contractor" does not include any of the following:

1. An individual performing intelligence or counter-intelligence functions for a state agency if the head of the agency has determined pursuant to this section could endanger the safety of the individual or compromise and ongoing investigation or intelligence mission.
2. A professionally licensed person who is providing services to the employer under the license. ["Professionally licensed person" has the same meaning as in section 2925.01 of the Ohio Revised Code.]
3. An individual who will receive for the services provided under the contract compensation of less than two thousand five hundred [\$2,500] per year or a greater amount that the director of job and family services establishes by rule adopted under section 3121.896 of the Ohio revised Code.

"Employer" means any person or governmental entity other than the federal government for which an individual performs any service, of whatever nature, as the employee or contractor of such person. Employer means the person, except that;

1. If the person for whom the individual performs services do not have control of the payment of compensation for the services, "employer" means the person having control of the payment of compensation.
2. In the case of a person paying compensation on behalf of a nonresident alien individual, foreign partnerships, or foreign corporations not engaged in trade or business within the United States, "employer" means the person paying the compensation.
3. In the case of compensation to a contractor, "employer" does not include any person or entity that lacks a federal employer identification number.

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2. When did this change occur?

This law is now in effect. You should begin reporting contractors as soon as possible. Please contact our office if you need assistance to do this.

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Who Is Considered a Contractor for New Hire Reporting Purposes?

3. Do I need to report all contractors, both individuals and companies, which I use?

All contractors should be reported unless they fall in the following categories:

1. An individual performing intelligence or counter-intelligence functions for a state agency if the head of the agency has determined pursuant to this section could endanger the safety of the individual or compromise and ongoing investigation or intelligence mission.
2. A professionally licensed person who is providing services to the employer under that license. ["Professionally licensed person" has the same meaning as in section 2925.01 of the Ohio Revised Code.]
3. An individual who will receive for the services provided under the contract compensation of less than two thousand five hundred [\$2,500] per year or a greater amount that the director of job and family services establishes by rule adopted under section 3121.896 of the Ohio Revised Code.

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4. I will use an independent contractor for one small job. I will not pay them enough to complete a 1099 form, do I still need to report them as a new hire?

The contractor should not be reported until it has been established that the compensation will be at least \$2,500 for the year, using the date the payments begin.

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5. We contract with legal firms, should they be reported as new hires?

Only if the legal firm meets the definition of a contractor as provided by the Ohio Revised Code.

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How Should I Report Contractors?

6. How should I report a contractor?

Contractors can be reported either electronically or on paper. Reporting electronically can save time, paper and postage. Once the Center receives the electronic data, the amount of time it takes to process the information is reduced. Electronic reporting provides children with much needed support more quickly and qualifies employers for "Multistate" new hire reporting. Your electronic reports can be sent via: our Web site, File Transfer Protocol (FTP), Electronic File Transfer (EFT), 3.5" IBM diskette, 9 track 1600/6250 or 3480/3490 cartridges. To report your new hires using this Web site, please [click here](#). For our electronic file submission layout, please [click here](#).

Employers may also report contractors via one of the manual methods listed below:

1. [New Hire Form](#)
2. A copy of the contractor's W-9 form with the contractor's social security number or FEIN, date of birth, date payments begin, length of service and work state as well as employer information added.

When reporting a contractor, please be sure to indicate their status as a contractor on your submission.

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7. Is there a new reporting form?

The new reporting form contains all of the same information as the previous form with a new boxes added to designate whether the person you are reporting is a contractor, date payments begin and the length of time (months) the contractor will be performing services for the employer. For a copy of the new reporting form, please [click here](#) or contact our office at (888) 872-1490.

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8. Can I use the W9 form to report contractors?

Yes, a W-9 form can be used to report contractors. If you choose to report using the W-9 form, please be sure to include the contractor's social security number or FEIN, date of birth, date payments begin, and length of service as well as employer information on the form.

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9. Do I need to indicate if the person I am reporting is a contractor?

If you use this Web site, or our Ohio New Hire Reporting Form (JFS 07048) to report your new hires, please complete the box Independent Contractor Y/N with a Y if the person being reported is a contractor and with a N if the person being reported is not a contractor. If you are reporting using other electronic means, please see our [new file submission layout](#) for instructions on including this information. If you report using a W-9 form or a printed list, please include the status of the person you are reporting as either an employee or a contractor.

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What Information Should be Reported for a Contractor?

10. Where do I report new hires?

Ohio Revised Code Section 3121.892 requires the following information to be reported for contractors:

1. Contractor's name, address, date of birth, social security number or FEIN, date services begin, length of service and state of hire; and

2. Employer name, address and federal employer identification number.

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11. I do not have a social security number for the contractor I am reporting. Can I use their federal employer identification number instead?

Yes, ORC section 3121.892 and OAC 5101:1-30-12 permits the use of FEIN in place of their social security number

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When and How Often Should I Report a Contractor?

12. When should a contractor be reported?

Contractors should be reported within 20 days from the date payments begin.

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13. What date should I use as a hire date for a contractor?

It is no longer necessary to report the hire date for contractors. Please use the date payments will begin.

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14. Do I need to re-report a contractor each time I use them?

Please report a contractor each time you enter into a new contract with them. If you do not use a contract with a contractor, please report them once each year

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15. We are a school district who uses contractors for maintenance, security and other purposes. We do not use a contract for these people, but we do complete a purchase order for them. How often should they be reported?

Please report these individuals once per year.

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16. Since this is a new law, should I report contractors I am currently using?

There is no requirement for an employer to report their existing contractors until it is time to renew their contracts, at that time they are required to be reported. Any new contractors should be reported within 20 days from the date payments begin.

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What If I am a Multistate Employer Reporting Contractors?

17. I am a multistate employer who reports all of my new hires to Ohio. Do I need to report contractors from other states to Ohio as well?

Yes, an employer must follow the reporting requirements of the state to which they choose to report. For this reason, multistate employers, who are registered to report all of their new hires to the State of Ohio, must report contractors they use from all states in which they do business.

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