IRS ‘Safe Harbor’ Can Protect Labor Tax Cheats

Billions of tax dollars are squandered in the United States every year because of a decades-old loophole in federal law that allows tens of thousands of businesses to do the wrong thing – simply because they’ve been doing it all along, reports the *News Observer*.

The safe harbor rule, officially known as Section 530 of the Revenue Act of 1978, allows many companies can identify their workers as independent contractors for tax purposes even though the workers are, in fact, employees.

“Under the safe harbor rule, the company just has to have a “reasonable basis” for doing so,” the *News & Observer* reports. “Generally, companies must just show they’ve been doing it this way all along and that others in their industry do it the same way.”

Read the story.