Responding to an IRS Audit

**WHAT IS MISCLASSIFICATION?**

"Independent contractor" is a category used for freelancers, self-employed people, and people with their own businesses. But employers often incorrectly categorize workers as independent contractors when they were really employees. "Misclassified" workers end up paying 15.3% of their wages in Social Security and Medicare tax, instead of the 7.6% regular employees are supposed to pay. Misclassified workers can end up with a big tax burden through no fault of their own.

**HOW DO I KNOW IF I WAS MISCLASSIFIED?**

Even if your employer called you an independent contractor, if you were treated as a regular worker and not someone who was self-employed, you may have really been an employee. Your correct classification depends on the specific facts of your work—it's not your employer's decision.

Use these questions to help you figure out whether you were an employee or an independent contractor:

- Did you have a boss or supervisor?
  - If so, it's likely that you are an employee.
- Do you clock in or otherwise report your hours?
  - If so, it's likely that you are an employee.
- Do you have your own business?
  - If so, it's likely that you are NOT an employee.

**GET TAX HELP**

If you were misclassified, you can dispute your classification with the IRS to avoid paying extra taxes. For help and advice, contact Philadelphia Legal Assistance's Low Income Taxpayer Clinic. We provide free, confidential assistance to misclassified workers and people with other federal tax issues.

Contact us through the main intake at Philadelphia Legal Assistance:

- **By phone:** Tuesday or Thursday 9:30 am - 12 pm, at 215-981-3800
- **In person:** Monday or Wednesday 9:30 am - 12 pm, at 718 Arch St, #300N

Note: We are not part of the IRS. We also generally do not prepare taxes.