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S.F. No. 4862 – Employee classification; decoupling from section 530 relief

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Under current law, section 530 of Public Law 95-600 provides that employer tax liabilities resulting from classification of certain workers as non-employees do not apply under certain circumstances.

“Section 530 relief” applies if:

- the employer filed timely returns consistent with its treatment of the worker as a non-employee;
- the employer or its predecessor did not previously treat a worker or any worker holding a substantially similar position as an employee; and
- the employer reasonably relied on one of three “safe harbors” in classifying a worker: prior audit in which the employee classification was the same as current classification; judicial precedent; or industry practice.

This bill decouples Minnesota from section 530 of Public Law 95-600 in its definition of “Internal Revenue Code” in the income tax chapter.

Effective for taxable years beginning after December 31, 2024.