

TWC to share information on employment tax schemes with IRS

The Texas Workforce Commission (TWC) recently agreed to tell the IRS about employers that fail to properly pay state unemployment insurance taxes.

The TWC joins 28 other state work force agencies in entering the new initiative, which expands on existing data-sharing efforts between federal and state agencies. The Questionable Employment Tax Practices (QETP) initiative allows the IRS and state agencies to exchange data in centralized and uniform ways to identify tax practices designed to help employers avoid paying employment or unemployment taxes.

The QETP agreement, the first of its kind, also encourages coordinated outreach and education activities to help businesses meet their tax responsibilities.

Questionable practices that the initiative looks for include:

- Businesses registered with the federal government, but not with the state
- Companies registered at the federal level as having employees, but not at the state level
- Misclassification of employees as independent contractors rather than employees

Final note: Now's the time to review how you classify employees—before the IRS or the TWC comes to investigate.