



NEWS

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Illinois Department of Labor Stresses Importance of Properly Classifying Employees

Complaints can be filed online through IDOL's Employee Misclassification Act Portal

SPRINGFIELD – Employer misclassification of workers is a serious matter that puts compliant employers at a disadvantage and can mean a loss of millions of dollars of uncollected Social Security taxes, unemployment taxes and income taxes.

The Illinois Department of Labor offers an online employee misclassification complaint portal to combat this problem and uphold the Illinois Employee Classification Act. Misclassification occurs when employers treat workers as independent contractors when they should be classified as employees.

Some employers do this to avoid compliance with unemployment benefits, workers compensation costs, minimum wage and overtime requirements or tax withholding. Consequences for misclassifying employees as independent contractors can include financial penalties for failing to make contributions to the unemployment insurance trust fund, interest penalties on delinquent unemployment insurance trust contributions and financial penalties for failing to report wages paid to employees.

Misclassifying an employee has consequences. A civil penalty not to exceed \$1,500 for each violation may be imposed. A separate violation occurs for each person improperly classified and for each day on which a violation continues. Other penalties might also apply. For instance, an employer who willfully fails to obtain workers compensation insurance can be fined \$500 per day of noncompliance, and corporate officers who fail to get insurance can face criminal charges.

IDOL works with the Illinois Department of Employment Security, Illinois Department of Revenue and the Illinois Workers' Compensation Commission on employee classification complaints.

An employee or anyone who knows of a violation of the Employee Classification Act, can file a complaint at IDOL's Employee Misclassification Act Portal:

<https://www2.illinois.gov/idol/Employees/Pages/Employer-Misclassification-of-Workers.aspx>

A complainant must first create an account. Directions are at the website.

A printable complaint form is also available here in English, Spanish and Polish:

<https://www2.illinois.gov/idol/forms/Documents/ECA%20Complaint%20Form.pdf>