

Florida Boosts Minimum Wage Rate, Mandates Reporting Requirements for Businesses Using Independent Contractors

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On September 30, 2021, Florida's hourly minimum wage rate increased from \$8.56 to \$10.00. For the next five years, the hourly minimum wage in Florida will increase by \$1.00 each year until it reaches \$15.00 per hour in 2026. This increase came as the result of Amendment 2, passed on November 3, 2020, by an overwhelming majority of Florida voters.

Florida employers may continue to take a tip credit of up to \$3.02 per hour for properly classified tipped employees meeting the eligibility requirements under the Fair Labor Standards Act, as Amendment 2 did not change the allowable tip credit. The minimum cash wage rate for eligible tipped employees increased to \$6.98 per hour on September 30, 2021.

[Updated Florida Minimum Wage Posters](#) can be found on the Florida Department of Economic Opportunity's website.

Florida Businesses Now Required to Report Independent Contractors

A new law that goes into effect today, October 1, 2021, requires Florida employers to report newly retained independent contractors in the same manner as new employees to the Florida Department of Revenue's State Directory of New Hires. This requirement was a component of



Senate Bill 1532, which updated state family law. The goal of the new reporting requirement is to increase child support collections.

The law requires a service recipient to report to the Florida Department of Revenue's State Directory of New Hires any newly engaged non-employee to whom the service recipient pays more than \$600 in a calendar year for services performed by the individual in the course of the service recipient's trade or business. Previously, the law required only that employers report newly hired employees to the State Directory of New Hires, while reporting independent contractors was optional.

In order to comply with the law, employers must report (1) the independent contractor's name, address, and Social Security number (or other identifying number assigned under Section 6109 of the Internal Revenue Code); (2) the date that services for payment were first performed by the individual; and (3) the name, address, and employer identification number of the service recipient. The information may be submitted on the same [Florida New Hire Reporting Center website](#) as is used for employees. This information must be submitted within 20 days after the first payment to the independent contractor or on the date the business and independent contractor entered into the contract, whichever is earlier.

Based on this change, employers should consider updating their onboarding procedures and reporting schedules to ensure compliance with this new reporting requirement. While there is no indication in the law that the Florida Department of Revenue will use this information for auditing purposes or share it with other agencies, this would also be a good time for employers to review worker classifications to ensure independent contractors are properly classified.

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Topics

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