

Legal Update

Louisiana Adopts Employee Reclassification Immunity Final Rule

On Jan. 20, 2023, the Louisiana Department of Revenue (LDR) published a [final rule](#) to implement the state's Fresh Start Proper Worker Classification Initiative (the Initiative). According to the LDR's [Revenue Information Bulletin 21-031](#), the Initiative allows employers to reclassify workers as employees if they have been misclassified as independent contractors without tax, unemployment, penalty or interest liability for prior periods.

Eligibility

To participate in the Initiative, employers must voluntarily identify and reclassify misclassified workers. Voluntary participation excludes employers who are currently under an employment, withholding or unemployment tax audit by the U.S. IRS, U.S. Department of Labor or a state government entity. For purposes of this exclusion, employers are considered to be currently under audit if they have been contacted by the auditing agency to initiate an audit concerning the classification of workers.

Application Requirements

The final rule establishes application requirements for eligible employers. Employers applying for relief under the Initiative must submit their application electronically between Jan. 1, 2023, and Dec. 31, 2023. An application must include:

- A list of workers the applicant seeks to voluntarily reclassify;
- Copies of the IRS forms that were filed in the previous three years for each of the workers;
- Proof of workers' compensation coverage for the reclassified employees; and
- Any other information requested by the LDR.

Employers are advised to consult with a legal professional to evaluate how participation in this program may affect any liability under federal or out-of-state employee classification requirements.

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Important Dates

Jan. 20, 2023

The LDR published a final rule to implement the Initiative.

Dec. 31, 2023

Deadline for submitting applications under the Initiative.

The Initiative allows employers to reclassify misclassified employees without tax, unemployment, penalty or interest liability for prior periods.