

LABOR AND EMPLOYMENT

INFORMATION MEMO

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Reminder: Independent Contractor Reporting Requirement

Employer Alert: New Hire Reporting Includes Certain Independent Contractors

As of Jan. 1, 2022, New York employers are required to report individuals engaged under independent contractor arrangements when the contract exceeds \$2,500. This requirement aligns contractor reporting with New York's existing new hire reporting program and is enforced by the New York State Department of Taxation and Finance.

Who is Covered

Employers subject to this requirement include any entity that meets the federal definition of "employer" for income tax withholding purposes. This includes employers of domestic help, labor organizations (including hiring halls) and state and local governmental entities.

What Must be Reported and How

Employers must report independent contractors online through the New York New Hire Online Reporting Center. Importantly, Form IT-2104, which may be used for employees, should not be used for contractors. The State's portal will prompt all required identifying information, including name, address, Social Security number (SSN), hire date, employer information and dependent health insurance availability.

Deadlines and Electronic Filing Cadence

Employers must report newly hired or rehired employees within 20 calendar days of the hiring date. Although the guidance specifically references employees, employers should treat contractor reports as subject to the same 20-day window and submit them promptly upon contract execution or commencement of services. For those filing electronically, two monthly reports may be submitted if needed, spaced 12 to 16 days apart and contractor reports should be included within this reporting cadence.

Penalties

Failure to timely report results in a penalty of \$20 per individual not reported and failure to file complete information incurs a penalty of \$20 per false or incomplete report. These penalties apply per report and can accumulate quickly, making it critical for employers to ensure complete and timely submissions.

Practical Implications for Employers/Action Steps

To ensure compliance with this requirement, employers may want to consider:

- Establishing controls to identify when a contractor's agreement crosses the \$2,500 threshold, whether through a single agreement or amendments that increase the value above \$2,500.
- Updating onboarding and procurement or accounts payable workflows to capture all required identifiers for reportable contractors at the time of engagement, including SSN and current address and to verify completeness and legibility.
- Training HR, procurement and/or payroll teams on the online reporting process and timelines.

If you have any questions or would like additional information, please contact [Adam Mastroleo](#) or the Bond attorney with whom you are regularly in contact.

