

Proposed Section 409A Regulations Would Clarify Separation from Service Analysis in Connection with Change in Status From Employee to Independent Contractor

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Pursuant to the final regulations under Section 409A of the Internal Revenue Code of 1986, as amended, a termination of employment generally occurs at such time as the employer and employee reasonably anticipate that the level of services to be performed after such time, whether as an employee or an independent contractor, would permanently decrease to no more than 20% of the average level of services performed over the immediately preceding 36-month period (or, if services were performed for less than 36 months, over the full period of services). Further, an independent contractor has a separation from service when there is a good faith and complete termination of the underlying contractual relationship... [Continue Reading](#)