



workmarket[®]
an ADP[®] company

A How-To Guide:

Best Practices for Properly Organizing, Managing
and Paying Your Freelance Workforce



Any business that is engaging an independent workforce needs to take steps to ensure they remain compliant with federal, state and local laws and regulations. Those that don't risk being subjected to lawsuits, government audits and tax liability/penalties.

WorkMarket is the industry leader in helping companies that engage an independent workforce manage their compliance risk. Our tools allow each of our customers to "Set It and Forget It" and help ensure their teams don't individually engage labor inappropriately. Set up your WorkMarket environment to limit who you engage and how you engage them.

All systems and engagement points can be delivered with a few clicks into an Audit Trail to address the compliance needs your company may have.

1. | Intelligent Labor Clouds

WorkMarket Labor Clouds allow you — whether you're in Legal, the Business Unit, HR, or Procurement — to set the rules for **WHO** you engage with. If your company believes risk is mitigated by only engaging independent contractors with certain characteristics, our software lets you establish those parameters which can include:



Incorporation



Insurance



Certifications



Licenses



Legal
Agreements



Quality
Ratings

With our "**Set It and Forget It**" feature, you only have to define your engagement criteria once. If someone's insurance expires or a certification becomes out of date, our software will automatically remove that individual from your Talent Pool. This ensures that anyone who is sent work through that Talent Pool is fully compliant with your requirements.

In addition, if you select the option, our algorithms will automatically add new professionals from our marketplace, that meet all your criteria, to your Labor Clouds. So not only can you build a Talent Pool you're confident working with, you can sit back and watch that Talent Pool grow with newly-added professionals that meet your requirements. You also have the ability to update your requirements at any time depending on your business needs and evolving compliance requirements.





2. Engagement Rules

WorkMarket allows you to determine **HOW** you want to engage your independent labor by creating sets of engagement rules that align with your requirements and business processes. We ensure that only professionals who are willing to engage on your terms are able to work with you.

Once a contractor is no longer compliant with your rules, they will no longer be eligible to perform work for you.

Example engagement rules include:

- ✓ Don't pay an independent contractor for travel expenses
- ✓ Engage only professionals who use their own tools
- ✓ Don't provide expense reimbursement
- ✗ Don't pay for training or professional development
- ✗ Don't allow independent contractor to work at your company's locations
- ✗ Always allow for price and timing negotiations





3. Compliance Engine

Our Compliance Engine, built using advanced algorithms and data analytics, adds another layer of protection for companies working with independent contractors. The Compliance Engine uses rules that you configure to help companies reduce their likelihood of misclassifying their workers. **Rules include:**



Limitation on number of assignments the independent contractor is doing for a certain company



Limitation on the amounts paid by a certain company to a certain independent contractor



Limitations on the amount of hours a certain independent contractor can perform work for a certain company



Limitations on the percentage of an Independent Contractor's total work that comes from a certain company

4. | Open Marketplace

By sourcing talent directly from WorkMarket's open marketplace, you're tapping into a talent pool that has identified themselves as independent contractors and leveraging a framework designed for that type of engagement. **Here's how:**



➔ **Workers engaging with multiple clients** on WorkMarket are much more likely to be classified as independent contractors

➔ **By hosting a profile of service offerings** in WorkMarket's freelance marketplace, workers are identifying themselves as independent contractors

➔ **The WorkMarket profile** is the Independent Contractor's storefront or website, offering his/her services to the public

5. | Tax Filing Services

Our Form 10-99-MISC services **include:**



1099-MISC Tax Filings



W-9 compliance including Tax ID Number (TIN)
verification through our active integration with the IRS database



Compliance with IRS regulations for non-US payments including submission of IRS Form W-8BEN

6. Best Practices and Thought Leadership

WorkMarket's freelancer management team has been featured in Forbes, Huffington Post, MSNBC and Washington Post and frequently attend industry conferences and tradeshows helping educate businesses on the importance of effective labor compliance in today's on-demand economy.

While every company's interpretation of the various legal and regulatory guidelines may be different, WorkMarket has the pleasure of working with some of the world's largest companies and can offer **Best Practices** on how their internal and external teams view the risks and mitigants associated with independent workers.

There is no silver bullet when it comes to fully insulating your company from compliance risk. There will always be some level of inherent risk when engaging a workforce of freelancers and independent contractors.

“Not only does WorkMarket mitigate my compliance risk, but it helps eliminate some of the guesswork when dealing with the IRS and various state labor regulations.”

- JOHANNA MIYAKI LOPEZ, CEO AND FOUNDER, TASTEMAKERS



Visit www.workmarket.com or email answers@workmarket.com for our latest content around worker classification, labor compliance and more.

