

1667 K Street, NW, Suite 1100 | Washington, DC 20006-1660 202.452.8866 | Fax 202.452.9010 | www.dsa.org

PROTECTING INDEPENDENT CONTRACTOR STATUS IS KEY TO DIRECT SELLING

Background

Direct selling's most important asset is its independent, entrepreneurial salesforce. Unlike many traditional businesses, more than 90 percent of direct sellers choose to work parttime, setting their own schedules for flexibility and work-life balance, deciding how they are going to run their business. Members of the salesforce have been formally recognized as independent contractors for almost 35 years under federal law and are also recognized as independent contractors in all 50 states.

Position

DSA opposes attempts to undermine independent contractor status by creating a presumption of employment, altering the criteria for independent contractor status or imposing administrative burdens for an individual to be classified as an independent contractor. Much of this legislation has been proposed to address worker misclassification abuses in other industries where companies classify individuals as independent contractors even though they should be classified as employees. DSA strongly supports protecting and preserving independent contractor status for direct sellers.

Policy Alternatives

- DSA supports preventing the misclassification of employees, but not at the expense of legitimate independent entrepreneurs. Direct sellers choose to work independently because of the ability to own a business on their own terms.
- Any attempt to undermine the legitimate use of independent contractors in the marketplace could have a detrimental impact upon the direct selling channel.
- DSA supports uniform classification of direct sellers as independent contractors defined under 26 USC § 3508, the direct seller exemption in the Internal Revenue Service Code.