



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

OFFICE OF THE CHIEF COUNSEL

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Dear _____ :

This letter responds to your correspondence of July 09, 2018, addressed to David J. Kautter, Acting Commissioner of Internal Revenue, relating to compliance with federal tax laws and the application of those laws to physicians.

On December 22, 2017, P.L. the Tax Cuts and Jobs Act (the Act), was enacted. Since that time the Internal Revenue Service has focused its efforts on updating IRS forms, instructions, and publications to take into account changes in the law made by the Act.

Information about all forms, instructions, and publications is at [IRS.gov/Forms](https://www.irs.gov/Forms). Almost every form and publication has its own page on [IRS.gov](https://www.irs.gov). In addition, early release drafts of newly developed IRS forms can be found on [IRS.gov/Forms](https://www.irs.gov/Forms). The IRS often requests public comments on early release draft forms. We encourage you to check [IRS.gov](https://www.irs.gov) regularly for updated forms, instructions, and publications.

The tax laws generally apply to physicians in the same way they do to other workers. In most cases, the information reporting requirements for payments made or benefits provided to a worker depend on the worker's status as either a common law employee or an independent contractor. The regulations that provide the criteria for determining a worker's status as an employee or an independent contractor for the Federal Insurance Contributions Act (FICA) tax, the Federal Unemployment Tax Act (FUTA) tax, and for federal income tax withholding purposes are found in sections 31.3121(d)-1, 31.3306(c)-2 and 31.3401(c)-1 of the Employment Tax Regulations. These regulations provide, in general, that if the worker provides services under the direction and control of the service recipient, the worker is considered an employee for employment tax and related information reporting purposes. The rules reflect common law principles, developed and affirmed over decades by the courts, which govern IRS policy in this area.

We hope this information is helpful.

Sincerely,

Lynne Camillo
Chief, Employment Tax Branch 2
Office of Associate Chief Counsel
Tax Exempt and Governmental Entities