

"Think this is risky?"

**Try telling the IRS your pilot
is an independent contractor."**



If your flight department hires pilots and flight attendants as “independent contractors” to keep your head count low, sooner or later, the IRS will want to have a word with you.

In fact, the IRS is cracking down on offenders with severe penalties, and major corporations are paying many millions of dollars in settlements.

Your tax dollars at work.

Over a six-year period the IRS audited 11,380 cases. It reclassified independent contractors as employees in 90% of them, adding up to \$751 million owed by the offending businesses in back taxes and penalties.

Here’s the rule of thumb.

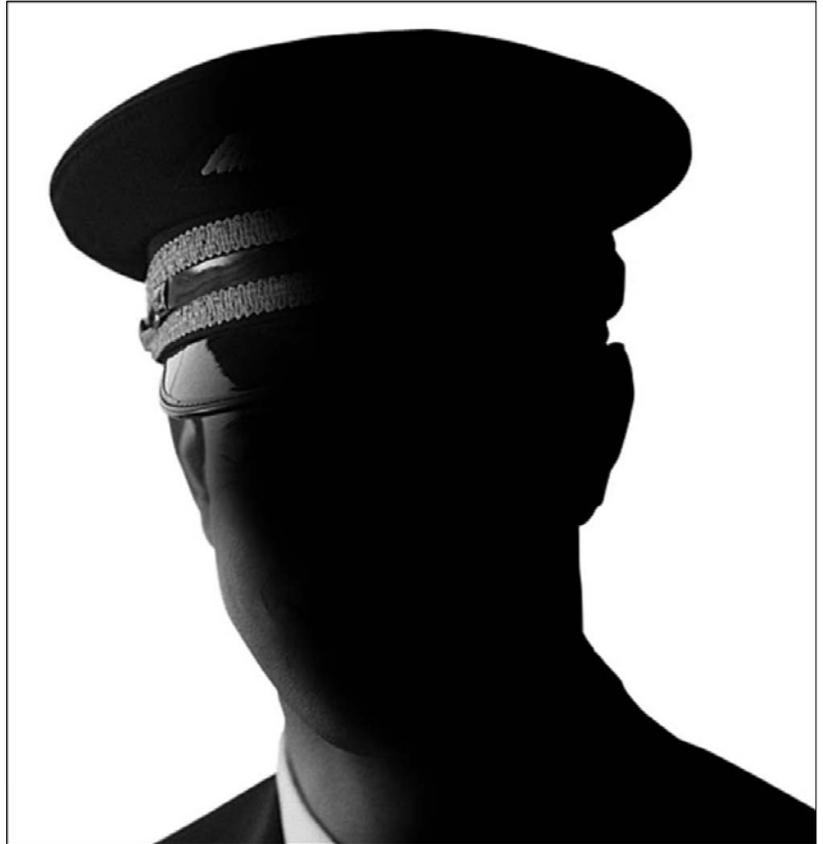
According to IRS Publication 15, when a worker performs services for you, if you have the right to tell a worker what you want done, how you want it done and when you want it done, you’ve probably got yourself an employee in the eyes of the IRS—not an independent contractor. Regardless of whether the worker has freedom of action, or works full or part-time.

There’s more.

If your company has or has had employees performing substantially the same function as your “independent contractors,” then these “independent contractors” are most likely also considered employees for employment tax and benefit plan eligibility purposes.

Did we mention *personal liability*?

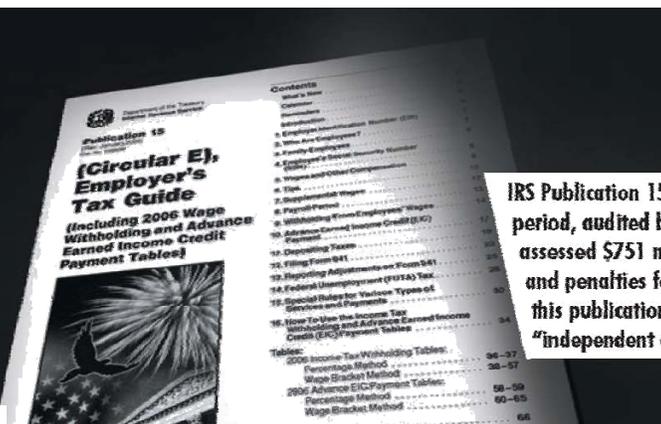
Should the IRS or Department of Labor reclassify your “independent contractors” as employees, you will be open to lawsuits for health and retirement plans, stock options and other benefits that your newly discovered employees have been denied.



In March 2006, *Aviation International News* reported on the severe legal and financial risks of hiring “independent” flight crews. And on the one company that offers a solution.

And the IRS can impose personal liability – including jail time – upon whoever they think was responsible for the failure to withhold taxes properly and failure to pay FICA and unemployment insurance.

While the IRS may not accept your definition of an independent contractor, your insurance providers will be happy to. Result? No coverage.



Should an “independent contractor” become injured on company aircraft or anywhere while on assignment, your Workers’ Compensation policy is not likely to cover them, because Workers’ Comp policies only cover your “employees.”

What’s more, aviation and general liability policies typically exclude coverage for bodily injury for anyone hired to do work for you.

Introducing Corporate Aviators’ Employer of Record Service.

**Now you can keep
your head count low—
and the IRS satisfied.**

Corporate Aviators’ Employer of Record Service is the only aviation staffing resource of its kind. And given the interest the IRS is now taking in so-called independent contractors, it’s precisely the one you need.

You will never again have to worry about your “independent contractors” being your employees in the eyes of the IRS, because they won’t be.

They will be our employees.

You will never again have to worry about whether they’ll be covered by Workers’ Comp (most so-called independent contractors don’t carry insurance) because they’ll be covered by our Workers’ Comp and our liability insurance. (Aviation liability at that. The only type of policy that responds to aviation exposures.)

Corporate Aviators also takes care of unemployment, Social Security and group health plans.

As a prominent aviation insurance agent and broker pointed out in the March 2006 issue of *Aviation International News*, “Independent contractors just want to get to work and don’t think out all the issues. It’s important that you do.”

At which time we hope that, for your own protection, you’ll turn to the one provider that has thought those issues through as well. Corporate Aviators, Inc.



Corporate Aviators’ innovative, worry-free Employer of Record program takes care of everything from IRS compliance to Workers’ Comp to aviation liability insurance and group health plans for supplemental pilots and flight attendants.

Visit corporateaviators.com

If you need payroll and benefits for your “independent contractors,” you can subscribe to Corporate Aviators’ Employer of Record Service, or simply get more information, online.

Also, your “independent contractors” can enroll in Corporate Aviators’ Employer of Record program online. No enrollment fees.



CORPORATE AVIATORS INC

Phone 203-207-0077 | Fax 203-207-0200

CAI@corporateaviators.com www.corporateaviators.com

CORPORATE AVIATORS, INC.

Employer of Record Payroll Service

Employment Compliance of Contingent Corporate Pilots and Flight Attendants

Established in 1987

Meet Customer Insurance Requirements

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- Products/Completed Operations Liability
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- Workers' Compensation and Employers Liability Insurance
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W-2 Worker Status

- W-2 Payroll Compensation
- Social Security and Medicare Withholding/Matching/Filing/Payment
- Income Tax Withholding/Filing/Payment
- New-hire Reporting

Employee Benefits

- Direct Deposit
- Timely Scheduled Payroll

This is not intended as legal or tax advice. Readers should consult counsel and/or a financial advisor of their own choosing to discuss how these matters relate to their individual circumstances.



Phone 203-207-0077 | Fax 203-207-0200
CAI@corporateaviators.com
www.corporateaviators.com



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