



Home Health workers are not exempt from AB5 legislation...

As you know, the business model of PT Priority, Inc. is that of a staffing company. So, even though we may appear to qualify to be exempt from this ruling (i.e. our independent contractors use their own supplies, make their own schedules, sign on with multiple companies), we are **not exempt at this time**.

The wording of the ruling is painted with a broad stroke that includes all therapists regardless of the varying nature of their work. Maybe this will change in the future, but for now, in order for PT Priority, Inc. to be in compliance, all PTs, PTAs, OTs, COTAs working with us must choose one of the following options;

1.) Become your own business entity or corporation;

Under this format your payment per visit would remain the same without any withholdings from PT Priority, Inc.

Note: the following is our interpretation of the new law. It is IMPORTANT that you consult with your own accountant and/or lawyer in order to ensure you are in compliance with AB5;

Sole Proprietorship

Step 1, Obtain an EIN# (Employee Identification Number) by going to irs.gov. This is a free service in which you can apply online and receive your EIN# immediately.

Step 2, After you have your EIN# (required to apply), **Apply for business license** by going to <https://business.lacity.org/start/BTRC>. We're being told the application can be completed online but you are required to finalize the process in person. There is a small fee (we're being told \$20) to apply for a business license.

Once we received a copy of your business license you will qualify as a Sole Proprietorship.

Corporation or LLC Please consult with your accountant for guidance on becoming a corporation or LLC.

2.) Become an employee and be paid per diem for each visit;

Under this option your per visit payment rate will remain the same but PT Priority will be required to withhold the following government taxes/fees from your payroll check;

- * Payroll taxes
- * Workers compensation
- * Social Security
- * Unemployment insurance
- * Disability insurance

The specific amounts of each withholding are based on your income, filing status (single, married), number of dependents, etc.

We estimate combined withholding will range from 20% to 40% of gross payroll amount.