

COLUMNS

The new administration eased independent contractor rules. Can luxury brands cheer?

May 19, 2025

*Rania V. Sedhom is managing partner at Sedhom Law Group*

By Rania V. Sedhom

Effective May 1, 2025, the Department of Labor (“DOL”) announced new enforcement guidance related to determining whether an individual is properly classified as an independent contractor.

During the Biden administration, the DOL tightened rules related to contractors and consultants, making it difficult for most individuals previously classified as contractors to remain as such. One of the main 2024 restrictions prohibited individuals whose work was integral to the business (with exceptions that are not relevant to luxury brands) from being classified as independent contractors.

Therefore, a retail store needs a merchandiser to display its bespoke products and, therefore, under the new rule, could not be an independent contractor.

Policy swap

However, the Trump administration eased the 2024 rules, providing flexibility to luxury brands. As is true with many of the new rules, the application of the new rule is confusing.

While the DOL may no longer enforce the 2024 final rule, that rule was not rescinded, and a new rule to replace it has not yet been proposed. We expect one later this year.

Therefore, until the new rule takes effect, individuals may rely on it in litigation.

State-by-state basis

Also, as is commonplace with new current political affairs, state lawmakers are not following federal lawmakers. Therefore, luxury brands located in certain states should not make any plans related to eased independent contractor rules.

Certain states, like California and New Jersey, apply a test that makes it very challenging to establish an independent contractor relationship. Luxury brands in other states may breathe a sigh of relief.

Therefore, luxury brands must review the state laws where the individual is performing services.

Luxury counsel

We are continuing to monitor the ever-changing legal landscape and its effect on luxury brands.

Until additional rules are made clear, luxury brands should review whether an individual is properly classified as a consultant by reviewing the following: the permanency of the relationship; the amount of the alleged contractor's investment in facilities and equipment; the nature and degree of control by the principal; the contractor's opportunities for profit and loss; the amount of initiative, decision making, or forethought in required by the contractor to be successful in the marketplace; and the degree of independent business organization and operation.

Views shared are purely the author's. Rania V. Sedhom is founding member and managing partner at the [Sedhom Law Group](#), New York. Reach her at rsedhom@bespokelawfirm.com.

© 2025 Reliance Relocation Services, Inc. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your [feedback](#) is welcome.