



United Brotherhood of Carpenters and Joiners of America (UBC)

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*For immediate release –  
March 14, 2019*

### **Construction Industry Tax Rip-Off Estimated at \$2.6 Billion -1.2 Million Construction Workers Paid Off-the Books-**

Washington, D.C. – The tax fraud epidemic in the construction industry is costing state and federal taxpayers in the United States at least \$2.6 billion a year, according to a new estimate done by [Smart Cities Prevail](#) for the United Brotherhood of Carpenters (UBC).

“It is a conservative estimate,” said Frank Spencer, UBC General Vice President. “We found 1.2 million construction workers are paid off the books each year. Another 300,000 are called independent contractors when they’re really employees, so no tax deductions and they’re stripped of protections. That’s shocking. Think about it: The number of construction workers forced to work off-the-books is about four times greater than the number of misclassified workers. There’s no mistaking the blatant tax fraud.”

“You can go to our web page at [www.StandingUpToTaxFraud.net](http://www.StandingUpToTaxFraud.net) and watch the losses mount,” Spencer continued.

The \$2.6 billion estimate includes lost federal income and employment taxes and lost state income taxes.

“I’m sure many of us would like to see better roads, bridges and schools,” said Spencer. “We’d like to see our veterans better cared for and Medicare and Social Security shored up, but rampant cheating in the construction industry makes that hard to do.”

Many construction employers on all types of projects, including taxpayer-funded work, are not properly withholding or paying income or employment taxes for their workers. In the process, workers have their wages stolen, job sites are less-safe and insurers are shorted of workers' compensation premiums. Most of the fraud comes when workers are paid off-the-books by shady subcontractors and labor brokers, who are hired by contractors to underbid law-abiding businesses.

"Construction industry tax fraud puts contractors like myself at a competitive disadvantage when bidding," said Joe Beischel, President of R.J. Beischel Building Company of Cincinnati, Ohio. "It's bad for my business, bad for employees and bad for the community."

To bring more attention to the trouble tax fraud causes in our communities, UBC affiliates in the United States and Canada are planning Days of Action for April 15, when individual tax returns are due in the U.S., and the days leading up to it. Actions will include demonstrations, lobbying efforts, job site actions and more.

Please visit [www.StandingUpToTaxFraud.net](http://www.StandingUpToTaxFraud.net) for more information on construction industry tax fraud and details on Days of Action events.

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