

## **Employee or Independent Contractor?**

The following are a list of 20 questions the IRS uses to determine if a worker is an independent contractor or employee. The answer of yes to any one of the questions (except #16) may mean the worker is an employee.

1. Is the worker required to comply with instructions about when, where and how the work is done?
2. Is the worker provided training that would enable him/her to perform a job in a particular method or manner?
3. Are the services provided by the worker an integral part of the business' operations?
4. Must the services be rendered personally?
5. Does the business hire, supervise, or pay assistants to help the worker on the job?
6. Is there a continuing relationship between the worker and the person for whom the services are performed?
7. Does the recipient of the services set the work schedule?
8. Is the worker required to devote his/her full time to the person he/she performs services for?
9. Is the work performed at the place of business of the company or at specific places set by the company?
10. Does the recipient of the services direct the sequence in which the work must be done?
11. Are regular oral or written reports required to be submitted by the worker?
12. Is the method of payment hourly, weekly, monthly (as opposed to commission or by the job?)
13. Are business and/or traveling expenses reimbursed?
14. Does the company furnish tools and materials used by the worker?
15. Has the worker failed to invest in equipment or facilities used to provide the services?
16. Does the arrangement put the person in a position or realizing either a profit or loss on the work?
17. Does the worker perform services exclusively for the company rather than working for a number of companies at the same time?
18. Does the worker in fact make his/her services regularly available to the general public?
19. Is the worker subject to dismissal for reasons other than non-performance of the contract specifications?
20. Can the worker terminate his/her relationship without incurring a liability for failure to complete the job?

### **Non-Employee Requirements**

To qualify a person as an independent contractor under Section 503 of the 1978 Revenue Act, the following three (3) requirements must be met:

1. You must file 1099 miscellaneous income forms (if over \$600)
2. Similar workers must be treated alike (not treated as employees)
3. There must be a good reason for the contractor status