

Do you have an employee... or an independent contractor?

The IRS cites 20 factors to help determine whether someone is an employee of your organization or an independent contractor. If you have any doubts as to the status of your workers, use this checklist to help sharpen the picture.*

Is your worker an independent contractor? If you answer "yes" to all of these questions, your worker is probably an independent contractor.

Yes No

- Has the worker invested in the facility and/or equipment they use?
- Is the worker able to realize a profit or suffer a loss as a result of the services performed? (Note that this is in addition to profit or loss normally realized by an employee.)
- Does the worker render services for more than one company or client at the same time?
- Does the worker offer their services to the general public as well as to your company?

Is your worker an employee? If you answer "yes" to any of these questions, your worker is most likely an employee.

Yes No

- Do you have the right to require that the worker complies with instructions?
- Do you require that the worker undergo training to perform the work in a particular manner?
- Does the worker perform their services in the same workspace as your business operations?
- Is the worker required to render services personally (as opposed to delegating work to others)?
- Do you hire, supervise and pay assistants for the worker?
- Is there a continuous relationship between you and the worker?
- Does the worker have established regular hours in which they perform services?
- Is the worker required to spend essentially full-time hours on work done for you?
- Is the worker required to perform the job on your premises (or at locations or routes directed by you)?
- Are you able to dictate the order in which services are performed?
- Is the worker required to submit regular reports?
- Do you pay the worker by the hour, week, or month?
- Do you cover the worker's expenses for travel and other business costs?
- Do you supply significant tools, materials, or other equipment for the worker?
- Can you fire the worker?
- Is the worker able to quit at any time without further liability?

** This checklist should not be considered a final answer to the question of employee or independent contractor. Further investigation is necessary to address specifics about their situation; consult with your CPA or human resources professional.*