

Employee or Independent Contractor

a quick guide

Employee	Independent Contractor
1. Instructions	
Employees comply with instructions about when, where, and how work is to be performed.	Contractors set their own hours and do the job in their own way.
2. Training	
Employees are trained to perform services in a particular way. They are required to take correspondence courses and attend meetings. Other methods also indicate that the employer wants the services performed in a particular way.	Contractors use their own methods and receive no training from the purchaser of their services.
3. Integration	
Services of an employee are merged into the business. Success and continuation of the business depends upon these services. The employer coordinates work with that of others.	The success and continuation of the business aren't dependent on services provided by a contractor.
4. Services Rendered Personally	
Services must be rendered personally. An employee does not engage other people to do the work.	Contractors are able to assign their own workers to do the job.
5. Hiring, Supervising, Paying	
An employee hires, supervises and pays workers at the direction of the employer (i.e.: acts as foreman or representative of the employer).	Contractors hire, supervise and pay the other workers as the result of a contract. A contractor agrees to provide materials and labor and is responsible for the results.
6. Continuing Relationship	
An employee continues to work for the same person year after year.	Contractors are hired to do one job. There is no continuous relationship.
7. Set Hours of Work	
An employee's hours and days are set by the employer.	Contractors are masters of their own time.
8. Full Time Required	
An employee normally works full time for an employer.	Contractors are free to work when and for whom they choose.
9. Doing Work on Employer's Premises	
Employees work on the premises of an employer; or on a route, or at a site, designated by the employer.	Contractors work off an employer's premises and use their own offices, desks, and telephones.
10. Order or Sequence Set	
An employee performs services in the order or sequence set by the employer. Salespersons report to the office at specified times, follow-up on leads, and perform certain tasks at certain times.	Services are performed at a contractors own pace. Salespersons work their own schedules and usually have their own offices.
11. Oral or Written Reports	
Employees are required to submit regular oral or written reports to the employer.	Contractors submit no reports.
12. Payment by Hour, Week, Month	
Employees are paid by the employer in regular amounts at stated intervals.	A contractor is paid by the job on a straight commission.

13. Payment of Business and/or Travel Expenses	
The employer pays employees' business and/or travel expenses.	Contractors take care of their own expenses and are accountable only to themselves for expenses.
14. Furnishing of Tools, Materials	
An employer furnishes tools, materials, etc.	Contractors furnish their own tools, etc.
15. Significant Investment	
An employee has no significant investment in the facilities used to perform services.	A contractor has a real, essential and significant investment.
16. Realization of Profit or Loss	
An employee cannot realize a profit or loss by making good or bad decisions.	Contractors can realize a profit or suffer a loss as a result of their services or decisions.
17. Working for More than One Firm at a Time	
An employee usually works for one employer at a time.	An independent contractor works for a number of persons or firms at the same time.
18. Making Services Available to the General Public	
An employee does not make services available to the general public.	Contractors have their own offices and assistants. They hold business licenses, are listed in business directories, maintain business telephones, and otherwise generally make their services available to the public.
19. Right to Fire	
An employee can be discharged at any time.	Contractors cannot be fired so long as product results meet contract specifications.
20. Right to Quit	
Employees can quit their jobs at any time without incurring liability.	Contractors agree to complete a specific job and are responsible for satisfactory completion; or they are legally obligated to make good for any failure.

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