

# Employee vs Independent Contractor Assessment

The IRS recommends considering three factors when deciphering whether or not a worker is an employee or independent contractor: behavioral control, financial control, and relationship. Historically the IRS used a Twenty Factor Test. This previously used test is the foundation for the following tool.

Scope	Question	YES	NO
1. Profit or loss.	Is the payment made to the worker on a fixed basis regardless of profitability or loss?	<input type="text"/>	<input type="text"/>
2. Investment	Are investments associated with the work primarily that of the employer (ie facility costs, equipment, etc)?	<input type="text"/>	<input type="text"/>
3. Works for more than one company.	Does the worker only work for one employer at a time?	<input type="text"/>	<input type="text"/>
4. Services offered to the general public	Are the services offered to the employer unavailable to the general public?	<input type="text"/>	<input type="text"/>
5. Instruction	Do you have the right to give the worker instructions about when, where, and how to work? (This shows control over the worker.)	<input type="text"/>	<input type="text"/>
6. Training	Do you train the worker to do the job in a particular way? (Independent contractors are already trained.)	<input type="text"/>	<input type="text"/>
7. Integration	Are the worker's services so important to your business that they have become a necessary part of the business? (This may show that the worker is subject to your control.)	<input type="text"/>	<input type="text"/>
8. Services rendered personally	Must the worker provide the services personally, as opposed to delegating tasks to someone else? (This indicates that you are interested in the methods employed, and not just the results.)	<input type="text"/>	<input type="text"/>
9. Hiring assistants	Do you hire, supervise, and pay the worker's assistants? (Independent contractors hire and pay their own staff.)	<input type="text"/>	<input type="text"/>
10. Continuing relationship	Is there an ongoing relationship between the worker and yourself? (A relationship can be considered ongoing if services are performed frequently, but irregularly.)	<input type="text"/>	<input type="text"/>
11. Work hours	Do you set the worker's hours? (Independent contractors are masters of their own time.)	<input type="text"/>	<input type="text"/>
12. Full time work	Must the worker spend all of his or her time on your job? (Independent contractors choose when and where they will work.)	<input type="text"/>	<input type="text"/>
13. Work done on premises	Must the individual work on your premises, or do you control the route or location where the work must be performed?	<input type="text"/>	<input type="text"/>
14. Sequence	Do you have the right to determine the order in which services are performed? (This shows control over the worker)	<input type="text"/>	<input type="text"/>
15. Reports	Must the worker give you reports accounting for his or her actions? (This may show lack of independence)	<input type="text"/>	<input type="text"/>
16. Pay schedules	Do you pay the worker by hour, week, or month? (Independent contractors are generally paid by the job or commission, although by industry practice, some are paid by the hour.)	<input type="text"/>	<input type="text"/>
17. Expenses	Do you pay the worker's business or travel costs? (This tends to show control.)	<input type="text"/>	<input type="text"/>
18. Tools and materials	Do you provide the worker with equipment, tools, or materials? (Independent contractors generally supply the materials for the job and use their own tools and equipment.)	<input type="text"/>	<input type="text"/>
19. Right to fire	Can you fire the worker? (An independent contractor can't be fired without subjecting you to the risk of breach of contract lawsuit.)	<input type="text"/>	<input type="text"/>
20. Right to quit	Can the worker quit at any time, without incurring liability? (An independent contractor has a legal obligation to complete the contract.)	<input type="text"/>	<input type="text"/>
Total up the number of "yes" answers and "no" answers. The more "yes" answers, the more likely the worker should be classified as an employee. The more "no" answers, the more likely the worker is classified as an Independent Contractor.		<input type="text"/>	<input type="text"/>
		Total Yes	Total No