

Employee or Independent Contractor

Here are the 20 factors used to decide between employees and independent contractors. Of particular interest are the first few items. Here is an IRS website url that may be helpful.

<http://sbinformation.about.com/smallbusiness/sbinformation/gi/dynamic/offsite.htm?site=http://www.irs.ustreas.gov/plain/forms%5Fpubs/pubs.html>

1. Instructions. An employee is instructed when, where and how he or she is to work. An independent contractor determines when, where and how work is performed.
2. Training. The company may provide an employee training before the work is done. An independent contractors perform the job without training and uses his or her own methods.
3. Integration. An employee's work is integrated into the company's operation because it is important to the success of the company. An independent contractor's work is independent of it.
4. Labor. An employee personally performs the work. An independent contractor can have others perform the work for him or her.
5. Hiring Assistants. An employee works for an employer who hires, supervises and pays employees. An independent contractor can hire, supervise, and pay his or her own employees.
6. Relationship. An employee has a continuing relationship with an employer. An independent contractor has an intermittent relationship.
7. Set Hours. An employee usually has set hours of work established by an employer. An independent contractor usually can set his or her own work hours.
8. Full-time. An employee works or may be required to work full-time for an employer. An independent contractor works for whom he or she chooses.
9. Location. An employee usually works on the employer's premises or at a location designated by the employer. An independent contractor may perform work where and when he or she chooses.

10. Control of work. An employer may require an employee to perform work in a set order or sequence. An independent contractor determines his or her own work order.

11. Reports. An employee may be required to submit work progress reports. An independent contractor need not.

12. Billing and Payment. An employee is generally paid by the hour, week or month. An independent contractor submits invoices and is paid by the job.

13. Expenses. An employer generally reimburses employees for business and travel expenses. An independent contractor is not reimbursed.

14. Tools. An employee is usually supplied by the employer with the tools, materials and equipment needed to work. An independent contractor provides his or her own.

15. Investment. An employee has little or no investment in the business. An independent contractor has a significant investment in his or her own business.

16. Profit and Loss. An employee does not have a profit or loss. An independent contractor can make or lose money on a job.

17. Exclusive Work. An employee generally provides work to one firm. An independent contractor is generally free to provide services to more than one unrelated firm at a time.

18. Availability to General Public. An employee does not offer services to the general public. An independent contractor does.

19. Termination. An employer has the right to fire an employee arbitrarily. An independent contractor has a contract and can not be fired as long as the specifications of the contract are met.

20. Quitting. An employee can quit work at any time without liability. An independent contractor has a contractual responsibility for satisfactory completion of work and is legally responsible for failure to complete it.