



**Welcome**

# **Worker Classification: Employee vs. Independent Contractor**

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## A Note Before We Begin ...

- This presentation is designed to provide information – not specific determination for any situation.
- Worker classification determinations are made on a case-by-case basis, depending on specific facts and circumstances.





# Worker Classification

## Workers may be:

- Independent Contractors
- Employees

## How do you know?





## Independent Contractor Defined



[Español](#) | [中文](#) | [한국어](#) | [TiếngViệt](#) | [Русский](#)

People such as doctors, dentists, veterinarians, lawyers, accountants, contractors, subcontractors, public stenographers, or auctioneers who are in an independent trade, business, or profession in which they offer their services to the general public are generally independent contractors. However, whether these people are independent contractors or employees depends on the facts in each case. The general rule is that an individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done and how it will be done. The earnings of a person who is working as an independent contractor are subject to Self-Employment Tax.



# Employee vs. Independent Contractor

## Categories of Evidence:

1. Behavioral control
2. Financial control
3. Type of relationship of the parties





# Behavioral Control

- Type of instruction given
- Degree of instruction
- Evaluation systems
- Training provided by the business





# Financial Control

- Significant investment
- Unreimbursed expenses
- Opportunity for profit or loss
- Services available to the market
- Payment method





## Type of Relationship

- Written contract
- Employee-type benefits provided
- Relationship Permanency
- Key business activity provided by services







# Determination

## File Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax

Form **SS-8**

(Rev. May 2014)

Department of the Treasury  
Internal Revenue Service

### Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding

► Information about Form SS-8 and its separate instructions is at [www.irs.gov/formss8](http://www.irs.gov/formss8).

OMB. No. 1545-0004

For IRS Use Only:  
Case Number:

Earliest Receipt Date:

Name of firm (or person) for whom the worker performed services		Worker's name	
Firm's mailing address (include street address, apt. or suite no., city, state, and ZIP code)		Worker's mailing address (include street address, apt. or suite no., city, state, and ZIP code)	
Trade name	Firm's email address	Worker's daytime telephone number	Worker's email address
Firm's fax number	Firm's website	Worker's alternate telephone number	Worker's fax number
Firm's telephone number (include area code)	Firm's employer identification number	Worker's social security number	Worker's employer identification number (if any)

**Note.** If the worker is paid for these services by a firm other than the one listed on this form, enter the name, address, and employer identification number of the payer. ►

Disclosure of Information



# IRS Resources – Employee vs Independent Contractor

- Topic No. 762, Independent Contractor vs Employee-  
<https://www.irs.gov/taxtopics/tc762>
  - Publication 1779, Independent Contractor or Employee
  - Publication 15-A, Employer's Supplemental Tax Guide
  - Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding
  - Form 8919, Uncollected Social Security and Medicare Tax on Wages
  - Form 8952, Application for Voluntary Classification Settlement Program
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## Questions

Thank you

