



HOW TO PAY THE PERSON PERFORMING THE FUNCTION: AS AN EMPLOYEE OR CONTRACTOR?

This guide is designed to assist you in determining whether a person-job should be paid as an employee of the organization or as an independent contractor. Employers must pay Social Security and applicable taxes for each employee. Independent contractors are responsible for paying their own Social Security and taxes. The IRS has published guidelines to assist employers in compliance with regulations in this regard, and the questionnaire, below, can be used in the same manner. Please contact the Office of Human Resources if you have any questions in this area.

Directions: Please answer the following questions regarding the person-job in question, inserting a check mark into the appropriate box (yes, no, not applicable). Then compare your answers with the key on page two.

Factor	Question for Consideration	Yes	No	N/A
Behavioral Control	Do you expect to train the person performing the work (as opposed to providing a general orientation on expectations) regarding methods, systems, means, etc.?			
	Will you be determining and controlling how, where, when, the person performs the function?			
	Does it matter to you and/or the organization which tools and sequence the person uses to accomplish the task or function?			
Financial Control	Does the person performing this function for you advertise their services in hopes of gaining work performing the same function for other clients?			
	Does the person performing this function have other clients for which s/he performs the same function or provides the same service?			
	Does the person performing this function use mostly their own tools, computer, programs, contact info. (i.e., e-mail address, phone number) or equipment to provide the service for you?			
	Do you expect to be reimbursing this person regularly for business expenses (other than travel)?			
	Can this person make a profit or suffer a loss by performing this function for you?			
	Will the person doing the job be paid a flat or estimated fee for performing the work (as opposed to an hourly, weekly or other periodic fee)?			
	Can the reason for termination be described in objective terms that are related to job performance?			
	Nature of Relationship	Will you be providing this person holidays, sick time, or other types of employee benefits?		
	Will the relationship with this person be temporary, for a specific duration of time?			
	Is the work that this person performs a key objective for your entity or entity's mission?			



KEY: If most of your answers are consistent with the check marks in the shaded boxes, below, then the person under consideration should be hired as an employee (W-2) of your entity and put on payroll. If most of your answers are consistent with the unshaded, empty boxes below, then the work may be performed by an independent contractor (1099).

IMPORTANT: If this guideline suggests independent contractor status, then this document should be retained with the accounting records.

Factor	Question for Consideration	Yes	No	N/A
Behavioral Control	Do you expect to train the person performing the work (as opposed to providing a general orientation on expectations) regarding methods, systems, means, etc.?	✓		
	Will you be determining and controlling how, where, when, the person performs the function?	✓		
	Does it matter to you and/or the organization which tools and sequence the person uses to accomplish the task or function?	✓		
Financial Control	Does the person performing this function for you advertise their services in hopes of gaining work performing the same function for other clients?		✓	
	Does the person performing this function have other clients for which s/he performs the same function or provides the same service?		✓	
	Does the person performing this function use mostly their own tools, computer, programs, contact info. (i.e., e-mail address, phone number) or equipment to provide the service for you?		✓	
	Do you expect to be reimbursing this person regularly for business expenses (other than travel)?		✓	
	Can this person make a profit or suffer a loss by performing this function for you?		✓	
	Will the person doing the job be paid a flat or estimated fee for performing the work (as opposed to an hourly, weekly or other periodic fee)?	✓		
	Can the reason for termination be described in objective terms that are related to job performance?	✓		
Nature of Relationship	Will you be providing this person holidays, sick time, or other types of employee benefits?		✓	
	Will the relationship with this person be temporary, for a specific duration of time?		✓	
	Is the work that this person performs a key objective for your entity or entity's mission?	✓		

Name of person performing work: _____

Name, title of person completing this form: _____

Entity: _____ Date completed: _____

For more information, see IRS publication: <http://www.irs.gov/pub/irs-pdf/fss8.pdf> or in Spanish: <http://www.irs.gov/pub/irs-pdf/fss8pr.pdf>