



Employee v. Contractor

Do Your Taxes With Finesse

When hiring an assistant or temporary help around your home or office you must bear in mind that the IRS is very strict as to whether or not the person you hire is an employee or a contractor. There are tax implications and filing requirements either way and you need to make sure you are adhering to the strict regulations. There are 20 questions, to the right, that you can use to try and determine if your assistant or worker is an employee or a contractor. An answer of "YES" to any of the 20 questions may mean you have an employee and not a contractor and in that case you need to consult a tax professional or payroll specialist without delay.

Finesse Tax Accounting, LLC

1600 Wilson Blvd.
Suite 720
Arlington, VA 22209

Office: 703-812-4750
Fax: 240-559-0990
Email: info@finesstax.com
Website: www.finesstax.com



- Is the worker required to comply with instructions about when, where, and how the work is done?
- Is the worker provided training that would enable him/her to perform a job in a particular method or manner?
- Are the services provided by the worker an integral part of the business' operations?
- Must the services be rendered personally?
- Does the business hire, supervise, or pay assistants to help the worker on the job?
- Is there a continuing relationship between the worker and the person for whom the services are performed?
- Does the recipient of the services set the work schedule?
- Is the worker required to devote his/her full time to the person for whom he/she performs services?
- Is the work performed at the place of business of the company or at specific places set by the company?
- Does the recipient of the services direct the sequence in which the work must be done?
- Are regular oral or written reports required to be submitted by the worker?
- Is the method of payment hourly, weekly, monthly (as opposed to commission based)?
- Are business and/or traveling expenses reimbursed?
- Does the company furnish tools and materials used by the worker?
- Is the worker exempted from investing in equipment or facilities used to provide the services?
- Does the arrangement put the person in a position of realizing either a profit or loss on the work?
- Does the worker perform services exclusively for the company rather than working for a number of companies at the same time.
- Does the worker in fact make his/her services regularly available to the general public?
- Is the worker subject to dismissal for reasons other than non-performance of the contract specifications including but not limited to as morality, insubordination or attendance issues?
- Can the worker terminate his/her relationship without incurring liability for failure to complete the job or violation of some contractual obligation?