

INDEPENDENT CONTRACTORS IRS 20-FACTOR TEST

The IRS developed the 20-Factor Test shown below to help employers evaluate whether a worker is an employee or an independent contractor. No one factor on the test is more indicative of employee status than another. If there is a high number of “yes” marks, then it will most likely indicate the presence of an employment relationship, a high number of “no” marks may or may not indicate a contractor relationship. Therefore, it is best for employers to err on the side of caution and to pursue an IRS ruling when in doubt. The important thing to remember when evaluating the status is who has the right to control the work as to when and how it is completed.

IRS 20 FACTOR TEST		Check yes or no
1. Instructions	Is the worker required to comply with employer’s instructions about when, where, and how to work?	<input type="checkbox"/> Yes <input type="checkbox"/> No
2. Training	Is training required? Does the worker receive training from or at the direction of the employer, includes attending meetings and working with experienced employees?	<input type="checkbox"/> Yes <input type="checkbox"/> No
3. Integration	Are the worker’s services integrated with activities of the company? Does the success of the employer’s business significantly depend upon the performance of services that the worker provides?	<input type="checkbox"/> Yes <input type="checkbox"/> No
4. Services Rendered Personally	Is the worker required to perform the work personally?	<input type="checkbox"/> Yes <input type="checkbox"/> No
5. Authority to hire, supervise and pay assistants	Does the worker have the ability to hire, supervise and pay assistants for the employer?	<input type="checkbox"/> Yes <input type="checkbox"/> No
6. Continuing Relationship	Does the worker have a continuing relationship with the employer?	<input type="checkbox"/> Yes <input type="checkbox"/> No
7. Set Hours of Work	Is the worker required to follow set hours of work?	<input type="checkbox"/> Yes <input type="checkbox"/> No
8. Full-time Work Required	Does the worker work full-time for the employer?	<input type="checkbox"/> Yes <input type="checkbox"/> No
9. Place of Work	Does the worker perform work on the employer’s premises and use the company’s office equipment?	<input type="checkbox"/> Yes <input type="checkbox"/> No
10. Sequence of Work	Does the worker perform work in a sequence set by the employer? Does the worker follow a set schedule?	<input type="checkbox"/> Yes <input type="checkbox"/> No
11. Reporting Obligations	Does the worker submit regular written or oral reports to the employer?	<input type="checkbox"/> Yes <input type="checkbox"/> No
12. Method of Payment	How does the worker receive payments? Are there payments of regular amounts at set intervals?	<input type="checkbox"/> Yes <input type="checkbox"/> No
13. Payment of Business and Travel Expenses	Does the worker receive payment for business and travel expenses?	<input type="checkbox"/> Yes <input type="checkbox"/> No
14. Furnishing of tools and materials	Does the worker rely on the employer for tools and materials?	<input type="checkbox"/> Yes <input type="checkbox"/> No
15. Investment	Has the worker made an investment in the facilities or equipment used to perform services?	<input type="checkbox"/> Yes <input type="checkbox"/> No
16. Risk of Loss	Is the payment made to the worker on a fixed basis regardless of profitability or loss?	<input type="checkbox"/> Yes <input type="checkbox"/> No
17. Working for more than one company at a time	Does the worker only work for one employer at a time?	<input type="checkbox"/> Yes <input type="checkbox"/> No
18. Availability of services to the general public	Are the services offered to the employer unavailable to the general public?	<input type="checkbox"/> Yes <input type="checkbox"/> No
19. Right to discharge	Can the worker be fired by the employer?	<input type="checkbox"/> Yes <input type="checkbox"/> No
20. Right to quit	Can the worker quit work at any time without liability?	<input type="checkbox"/> Yes <input type="checkbox"/> No