

Can I Treat my Self-Directed Employee as an Independent Contractor?



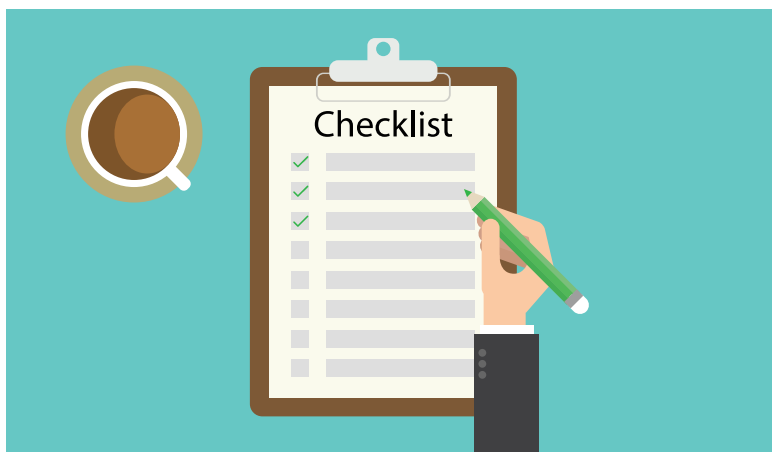
Answer:

The short answer is “No”.

Per the US Department of Labor (USDOL), anyone who determines pay rates, schedules, and job duties is considered an employer. Individuals who perform work for the employer are considered employees.

If the participant/representative determines the worker’s job duties, work schedules, wage rates, and other aspects of work, the worker is an employee of the participant/representative.

Public Partnerships, LLC, a Public Consulting Group Company is contracted to assist participants/representatives with the responsibilities of being an employer.



www.irs.com, www.dol.gov/whd

What is the difference between an employee and independent contractor?

An employee generally performs work under the direction of the employer for a wage. The employer decides what work will be done and how it will be done. The employer must report hourly wages and withhold and remit employer and employee taxes.

Example: *If I come to your house to provide services to you when you want or need me to; I do what you direct me to do; and you pay me rates you establish and I accept; I’m an employee.*

An independent contractor generally offers their services to the public for a price. The payer (the participant/representative) only has the right to control or direct the result of the work, not what will be done and how and when it will be done. The independent contractor must report income and remit income tax.

Example: *If I run a dog grooming business, and I come to your house when I can fit you in my schedule, provide my standard services using my own tools and equipment, to a standard of quality and price we agree, I am an independent contractor.*

If you have any doubt, complete IRS Form SS-8 Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding.