How Businesses Determine if a Worker is an Employee or Independent Contractor

The degree of control and independence of workers fall into three main categories, and each must be considered when determining if a worker is an employee or independent contractor.

**Behavioral Control**
Does the business control or have the right to control how the worker does their job?
Factors to consider include:
- Type of instructions given
- Degree of instruction
- Evaluation systems
- Training

**Financial Control**
Does the business have the right to control the economic aspects of the worker’s job?
Factors to consider include:
- Significant investment
- Unreimbursed expenses
- Opportunity for profit or loss
- Services available to the market
- Method of payment

**Relationship**
How does the worker and the business see their relationship with each other?
Factors to consider include:
- Written contracts
- Employee benefits
- Permanency of the relationship
- Services provided as key activity of the business

Form SS-8 can help employers determine the status of their workers.
Learn more about businesses classifying workers and contractors and related topics.