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.