

SS-8 Determination—Determination for Public Inspection

Occupation 03MIS.32 MiscLaborServices	Determination: <input checked="" type="checkbox"/> Employee <input type="checkbox"/> Contractor
UILC	Third Party Communication: <input checked="" type="checkbox"/> None <input type="checkbox"/> Yes

Facts of Case

The firm is a seasonal campground. The worker provided his services to the firm in 2014 providing seasonal services which included grounds keeper, service calls to the firm's customers, molding and trimming, patrolled the park, and received the Form 1099-MISC for these services.

The worker stated that the firm trained and instructed him to do all the tasks the job required such as; how to clean the pool, set up campers, repair boats for rental, and day to day work for the park. The firm stated that the worker was provided a list of duties with no direct supervision. The worker received his daily assignments from the firm with either a list or over the walkie talkie, and the firm's owners determined the method by which the assignments were performed. The firm maintains that the worker worked his assignments at his own pace and determined the methods by which the assignments were performed. If problems or complaints arose, the worker was required to contact the firm and they were responsible for problem resolution. The worker indicated that the firm required him to turn in his "things to do" sheet. The worker had a set schedule working Monday through Friday from 4:00PM to 10:00PM and weekends from 3:00PM to 10:00PM. The firm provided the worker with this schedule on a monthly calendar. The worker provided his services personally on the firm's premises.

The firm provided all the necessary supplies and equipment the worker needed to provide his services which included the golf cart, mower, tractor, and trimmer. The worker did not lease any equipment nor were any business expenses incurred in the performance of his services for the firm. He received and hourly wage for his services. Additionally, the worker submitted a payroll stub which labeled him as an employee, and reflected his hourly wage of \$8.15. The firm's customers paid the firm for the services the worker provided. The firm carried workers' compensation insurance on the worker. The firm established the level of payment for the services the worker provided.

The worker did not perform similar services to others during the same time period. He provided his services under the firm's business name. Both parties retained the right to terminate the relationship without incurring liability. In fact the relationship ended when the worker was laid off because the park closed for the winter.

Analysis

The application of the three categories of common law evidence to the available facts of the relationship indicates that the firm retained the right to direct and control the worker in the performance of his services. Accordingly, the worker was an employee of the firm for purposes of Federal employment taxes.

Worker status is not something to be selected by either the firm or the worker. Worker status is determined by the examination of the actual working relationship as applied to Internal Revenue Service code.

Hence, to clarify the Federal Government's position on worker status, we will be determining this case based on their common law practices in which the actual relationship between the parties is the controlling factor.

The firm instructed the worker regarding the performance of his services. A worker who is required to comply with another person's instructions about when, where, and how he or she is to work is ordinarily an employee. This control factor is present if the person or persons for whom the services are performed have the right to require compliance with instructions. Some employees may work without receiving instructions because they are highly proficient and conscientious workers or because the duties are so simple or familiar to them. Furthermore, the instructions, that show how to reach the desired results, may have been oral and given only once at the beginning of the relationship. The firm retained the right, if necessary to protect their business interest, to determine or change the methods used by the worker to perform his assignments. The facts show that the worker was subject to certain restraints and conditions that were indicative of the firm's control over the worker. The establishment of set hours of work by the person or persons for whom the services are performed is a factor indicating control. If the nature of the occupation makes fixed hours impractical, a requirement that workers be on the job at certain times is an element of control. The worker had a continuous relationship with the firm as opposed to a single transaction. The worker rendered his services personally. If the services must be rendered personally, presumably the person or persons for whom the services are performed are interested in the methods used to accomplish the work as well as in the results. The worker's services were under the firm's supervision.

The firm provided the worker with the necessary equipment and materials. The fact that the person or persons for whom the services are performed furnish significant tools, materials, and other equipment tends to show the existence of an employer-employee relationship. His pay was based on an hourly rate. Payment by the hour, week, or month generally points to an employer-employee relationship, provided that this method of payment is not just a convenient way of paying a lump sum agreed upon as the cost of a job. In such instances, the firm assumes the hazard that the services of the worker will be proportionate to the regular payments. This action warrants the assumption that, to protect its investment, the firm has the right to direct and control the performance of the workers. Also, workers are assumed to be employees if they are guaranteed a minimum salary or are given a drawing account of a specified amount that need not be repaid when it exceeds earnings. The worker could not have incurred a loss in the performance of his services for the firm, and did not have any financial investment in a business related to the services performed.

The worker worked under the firm's name, and his work was integral to the firm's business operation. The above facts do not reflect a business presence for the worker, but rather, strongly reflect the firm's business. The fact that the worker was not closely monitored would not carry sufficient weight to reflect a business presence for the worker. In fact, many individuals are hired due to their expertise or conscientious work habits and close supervision is often not necessary. The right to discharge a worker is a factor indicating that the worker is an employee and the person possessing the right is an employer. An employer exercises control through the threat of dismissal, which causes the worker to obey the employer's instructions. An independent contractor, on the other hand, cannot be fired so long as the independent contractor produces a result that meets the contract specifications. Either the firm or the worker could terminate the agreement.

Based on the common-law principles, the firm had the right to direct and control the worker. The worker shall be found to be an employee for Federal tax purposes.