

SS-8 Determination—Determination for Public Inspection

Occupation 03MIS.33 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 general contractor in the construction industry. The worker was engaged as a laborer to perform such services as framing, sheet-rocking, and painting work. The firm treated the worker status as independent contractor, and issued to the worker a Form 1099-MISC at year-end to report the monies received for his services as non-employee compensation.

The worker received training from the firm on how to perform the services. The firm provided the work assignments, and determined the work methods by which to perform the services. The worker was required to contact the firm's owner regarding problems and complaints that needed resolution. The worker was required to perform his services personally, at the firm's job sites. The firm engaged helpers, and paid helpers for their services.

The firm provided the materials and tools needed to perform the services. The worker provided his own tool belt and small hand tools. The worker incurred transportation expenses. The firm did not provide for reimbursement. The firm paid the worker on an hourly wage basis for his services. Customers made payment to the firm for services rendered. The worker did not incur economic loss or financial risks with regard to the services he performed for the firm.

Workers' compensation insurance was not carried on the worker. Employment benefits (bonuses) were made available to the worker. The worker did not perform similar services for others, nor did he advertise his services to the public. The work relationship was continuous as opposed to a one-time transaction.

Analysis

The facts provided for this case do not evidence the worker's behavioral control of the work relationship. The worker followed the firm's instructions, training, work methods, schedule, and routine in the performance of his services. The worker's services were performed personally, at locations designated by the firm. The worker used the firm's tools, materials and represented the firm's business operations in the performance of his services. As a result, the firm retained the right to direct and control the worker to the extent necessary to protect its investment, and the reputation of its business operations.

The facts provided for this case do not evidence the worker's financial control of the work relationship. The worker's remuneration was established by the firm. The worker had no opportunity for profit or loss as a result of the services performed for the firm. "Profit or loss" implies the use of capital by a person in an independent business of his or her own. The worker did not have a significant investment in the facilities, equipment, tools, or supplies used to perform his services for the firm. The term "significant investment" does not include tools, instruments, and clothing commonly provided by employees in their trade; nor does it include education, experience, or training. Also, if the firm has the right to control the equipment, it is unlikely the worker had an investment in facilities.

The worker performed services as requested by the firm, for an indefinite period of time, and both parties retained the right to terminate the work relationship at any time without incurring liabilities. The facts provided for this case do not evidence that the worker was engaged in an independent enterprise, but rather show that he performed his services as a necessary and integral part of the firm's business operations. Integration of the worker's services into the business operations generally shows that the worker is subject to direction and control. When the success or continuation of a business depends to an appreciable degree upon the performance of certain services, the workers who perform those services must necessarily be subject to a certain amount of control by the owner of the business.

Based on common law principles, the worker shall be found to be an employee for Federal employment tax purposes. For correction assistance, you may refer to Publication 4341, which can be obtained at www.irs.gov