

SS-8 Determination—Determination for Public Inspection

Occupation 03PMW.65 RepairMaintenanceWorker	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 was in the business of providing property preservation on foreclosed properties. The worker was engaged as a laborer. He received a 2014 Form 1099-MISC for his services. There was no written agreement.

The worker noted that he received daily instructions on the tasks that needed to be done. The firm noted that the worker only received safety instructions for any equipment he used. The worker received his daily assignments verbally from the foreman. Both parties agreed that the firm determined the methods by which the assignments were performed and the worker was to contact the foreman if any problems or issues arose. There were no required reports. The worker noted that he was picked-up and driven to the job sites, then brought back at the end of the day. He did not have a car or driver's license. He usually worked forty hours a week. The firm indicated that the worker was used only when needed based on the workload; therefore, his work schedule varied. Both parties agreed that the work was performed at various property locations. The worker noted that he was to provide the services personally. Both also agreed that only the firm hired and paid any substitute workers.

Both the firm and the worker agreed that the firm provided everything needed such as tools and supplies. Both parties agreed that the worker was paid an hourly rate and had no other economic risk. The customer paid the firm. The firm noted that it carried workers' compensation insurance on the worker. The firm established the level of payment for services though negotiated at the time of hire.

Both the firm and the worker agreed that there were no benefits and that either party could terminate the relationship without incurring a liability. The worker did not perform similar services for others though the firm did not know. The relationship ended when the worker indicated that he quit; the firm noted that it went out of business.

Analysis

In determining whether an individual is an employee or an independent contractor under the common law, all evidence of both control and lack of control or independence must be considered. The relationship of the worker and the business must be examined. Facts that show a right to direct or control how the worker performs the specific tasks for which he or she is hired, who controls the financial aspects of the worker's activities, and how the parties perceive their relationship should be considered. As is the case in almost all worker classification cases, some facts point to an employment relationship while other facts indicate independent contractor status. The determination of the worker's status, then, rests on the weight given to the factors, keeping in mind that no one factor rules. The degree of importance of each factor varies depending on the occupation and the circumstances.

Factors that illustrate whether there is a right to control how a worker performs a task include training and instructions. In this case, the firm retained the right to change the worker's methods and to direct the worker to the extent necessary to protect its financial investment. The firm provided the worker with instructions and his assigned duties. He performed his services according to the firm's scheduled work hours/days when needed and if available. This was evidenced by the worker being transported to and from the jobs. 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 worker may have worked only part-time when needed, but he worker provided his services on a continuous basis throughout the time period involved. A continuing relationship between the worker and the person or persons for whom the services are performed indicates that an employer-employee relationship exists. A continuing relationship may exist where work is performed in frequently recurring although irregular intervals.

Factors that illustrate whether there is a right to direct and control the financial aspects of the worker's activities include significant investment, unreimbursed expenses, the methods of payment, and the opportunity for profit or loss. In this case, the worker did not invest capital or assume business risks, and therefore, did not have the opportunity to realize a profit or incur a loss as a result of the services provided. The worker simply received an hourly rate of pay and had no other economic risk. 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.

Factors that illustrate how the parties perceive their relationship include the intent of the parties as expressed in written contracts; the provision of, or lack of employee benefits; the right of the parties to terminate the relationship; the permanency of the relationship; and whether the services performed are part of the service recipient's regular business activities. There were no benefits and there was no written agreement. The worker provided labor for the firm's property maintenance business. He was not engaged in an independent enterprise; in fact the firm indicated that he was a day laborer. The worker's services were part of the necessary activities of the firm's 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 the above analysis, we conclude that the firm had the right to exercise direction and control over the worker to the degree necessary to establish that the worker was a common law employee and not an independent contractor operating a trade or business.