

## SS-8 Determination—Determination for Public Inspection

Occupation

03TRA.171 Tradesperson

Determination:

☒ Employee

☐ Contractor

UILC

Third Party Communication:

☒ None

☐ Yes

### Facts of Case

The worker initiated the request for a determination of his work status as a helper/assistant to the firm's owner in tax years 2011 through 2015. The firm's business is described as a construction company.

The firm's response was signed by [REDACTED], owner. The firm's business is described as general construction. The worker performed services as general construction – no job title.

According to the firm, the firm provided guidance but no specific training to the worker. He was given verbal instructions at the start of a phase of construction; however, the worker determined the methods to use to perform the assignments. The firm was contacted if the worker encountered a problem that required resolution. The worker started at 8 am, received direction for current phase, and completed his tasks with some oversight. The worker was required to perform the services personally.

The worker indicated he was given specific training and instructions as to framing and cabinet building. He stated the job assignments came from the firm with the firm determining the methods by which the worker's services were performed. The services were rendered 5 days a week, primarily at the customer locations. The worker agreed that he was required to perform the services personally and that any additional personnel were hired and paid by the firm.

Both parties concurred that the firm provided building supplies and tools. The worker stated he furnished nothing; the firm responded that the worker provided some tools. They agreed the firm paid the worker an hourly wage and the customers paid the firm. The worker was not covered under the firm's workers' compensation insurance policy. The firm stated the worker established the level of payment for services provided or products sold; the worker disagreed. The worker stated he was not at risk financially in this work relationship.

The firm and worker acknowledged there were no benefits extended to the worker and that either party could terminate the work relationship without incurring a liability or penalty. The worker was performing same or similar services for others during the same time frame but was prohibited from working for others unless the worker worked on weekends or after hours. The firm stated the worker performed services under the firm's name.

---

## Analysis

---

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.

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.

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.

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..

A person who can realize a profit or suffer a loss as a result of his or her services is generally an independent contractor, while the person who cannot is an employee. "Profit or loss" implies the use of capital by a person in an independent business of his or her own. The risk that a worker will not receive payment for his or her services, however, is common to both independent contractors and employees and, thus, does not constitute a sufficient economic risk to support treatment as an independent contractor. If a worker loses payment from the firm's customer for poor work, the firm shares the risk of such loss. Control of the firm over the worker would be necessary in order to reduce the risk of financial loss to the firm. The opportunity for higher earnings or of gain or loss from a commission arrangement is not considered profit or loss.

We have considered the information provided by both parties and have applied the above law to this work relationship. 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 and business reputation and to ensure its customers' satisfaction and that its contractual obligations were met. The worker was not operating a separate and distinct business; 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. 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. In this case, the worker was not engaged in an independent enterprise, but rather the services performed by the worker were a necessary and integral part of the firm's business.

## CONCLUSION

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.