

## SS-8 Determination—Determination for Public Inspection

Occupation

04MAN Childcare Supervisor

Determination:

☒ Employee

☐ Contractor

UILC

Third Party Communication:

☒ None

☐ Yes

I have read Notice 441 and am requesting:

☐ Additional redactions based on categories listed in section entitled "Deletions We May Have Made to Your Original Determination Letter"

☐ Delay based on an on-going transaction

☐ 90 day delay

**For IRS Use Only:**

### Facts of Case

The firm is a boutique gym that provides childcare services while parents work out. The worker was engaged by the firm to perform services as a childwatch supervisor, in charge of all aspects of childwatching. The worker also performed cleaning services of the gym facility. 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 her services as non-employee compensation.

The worker received the firm's employee handbook regarding its policies and procedures. Work assignments were self directed, and were received from the firm via phone call, text, and email. Work methods were determined by both the firm and worker. The firm required the worker to report problems to the owners for resolution purposes. The worker performed her services on the firm's premises, with helpers who were paid by the firm.

The firm provided the worker with the facilities, equipment, tools, and supplies needed to perform the childcare and cleaning services. The firm paid the worker on an hourly wage basis for her services. Client/members paid the firm for services rendered. The worker did not incur expenses, nor did she incur economic loss or financial risks related to her services.

The firm did not cover the worker under workers' compensation insurance. Employment benefits were not made available to the worker. The worker did not perform similar services for others, nor did she advertise her services to the public. The work relationship was continuous, and could have been terminated by either party at any time without incurring liabilities.

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**Analysis**

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The facts provided for this case do not evidence the worker's behavioral control of the work relationship. The worker's services were performed personally at the firm's location, following its policies and procedures, instructions, work methods, and routine. The worker used the firm's facilities, equipment, tools and supplies, and represented the firm's business operations in the performance of her 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 her 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 she performed her 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](http://www.irs.gov)