

SS-8 Determination—Determination for Public Inspection

Occupation 05COU Counselor	Determination: <input checked="" type="checkbox"/> Employee <input type="checkbox"/> Contractor
UILC	Third Party Communication: <input checked="" type="checkbox"/> None <input type="checkbox"/> 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 non-profit organization assisting victims of human trafficking. The worker was engaged to perform services as a case manager, whose services included assisting victims, organizing the firm's office, and set up of the firm's procedures for the services the firm offered. The firm treated the worker status as independent contractor, and issued to the worker a Form 1099-MISC at year-end to report monies received for her services as non-employee compensation.

The worker received training and instructions on human trafficking, and domestic violence. Work assignments were received through the firm, and via the worker's self direction. Work methods were determined by the firm's CEO and the worker. Work related issues were reported to the firm's CEO for resolution purposes. The firm required the worker to perform her services personally. Services were performed at the firm's office, at client homes, and in the community. The worker was required to attend human trafficking meetings, and trainings.

The worker provided her own vehicle, plus manuals and documents needed to prepare the firm's procedures. The firm provided all supplies that the worker needed to perform her services. The firm paid the worker a set amount on a semi-monthly basis. The worker incurred fuel expenses. She did not incur economic loss or financial risks related to the services she performed for the firm.

The firm did not carry workers' compensation insurance on the worker. Employment benefits were not made available to the worker. There was no information provided to support that the worker performed similar services for others, or that she advertised her services to others while engaged by the firm. The work relationship could have been terminated by either party at any time without incurring liabilities.

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 training, instructions, work methods, schedule and routine in the performance of her services. The worker's services were performed personally at locations designated by the firm. The worker 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