

SS-8 Determination—Determination for Public Inspection

Occupation 05PHC Pet Groomer	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

Information provided indicated the firm is a dog grooming business. The worker performed services in 2017 and 2018 as a dog groomer. The firm reported the income on Form 1099-MISC. The firm stated the customer instructed the groomer on how they wanted the pet hair cut. The groomer wrote on a card what services was performed, for future visit information. The firm indicated the worker performed the same service in 2013. The groomer would report when appointments were made. He would leave after the last appointment was completed. The firm indicated services were performed at the firm's business location. He was required to perform the services personally. The firm provided a copy of the Affidavit of Independent Contract Status for 2013 and 2017. The firm indicated they provided the shampoo, bows and bandanas. The worker provided his own equipment to groom. The firm stated he was paid on a piece work basis. The customer paid the firm. The firm indicated they established the grooming prices. Either party could terminate the work relationship without incurring a penalty or liability. He was represented as a groomer who worked for the firm. The firm indicated the worker quit.

The worker indicated the owner decided which dogs he groomed on any given day. He worked from nine am until finished. The owner of the shop resolved any issues or complaints. The worker indicated all services were performed on the firm premises. He was required to perform his services personally. The owner of the firm hired and paid all workers. The firm stated the firm provided the bath tub, grooming table and dryers. He agreed he provided his own grooming tools. He indicated he was paid on a commission basis. The customer paid the firm. Either could terminate the work relationship without incurring a penalty or liability. he stated he did not perform similar services for others. He was represented as an employee of the firm.

Analysis

The question of whether an individual is an independent contractor or an employee is one that is determined through consideration of the facts of a particular case along with the application of law and regulations for worker classification issues, known as “common law.” Common law flows chiefly from court decisions and is a major part of the justice system of the United States. Under the common law, the treatment of a worker as an independent contractor or an employee originates from the legal definitions developed in the law and it depends on the payer’s right to direct and control the worker in the performance of his or her duties. Section 3121(d)(2) of the Code provides that the term “employee” means any individual defined as an employee by using the usual common law rules.

Generally, the relationship of employer and employee exists when the person for whom the services are performed has the right to control and direct the individual who performs the services, not only as to what is to be done, but also how it is to be done. It is not necessary that the employer actually direct or control the individual, it is sufficient if he or she has the right to do so.

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. We must examine the relationship of the worker and the business. We consider 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. The degree of importance of each factor varies depending on the occupation and the context in which the services are performed.

Therefore, your statement that the worker was an independent contractor pursuant to an agreement is without merit. For federal employment tax purposes, it is the actual working relationship that is controlling and not the terms of the contract (oral or written) between the parties.

We have applied the above law to the information submitted. 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.

Evidence of control generally falls into three categories: behavioral control, financial control, and relationship of the parties, which are collectively referred to as the categories of evidence. In weighing the evidence, careful consideration has been given to the factors outlined below.

Factors that illustrate whether there is a right to control how a worker performs a task include training and instructions. In this case, you retained the right to change the worker’s methods and to direct the worker to the extent necessary to protect your financial investment.

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.

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. 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 your business. Both parties retained the right to terminate the work relationship at any time without incurring a liability.

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. The contract provided by the firm does not reflect the information it provided of the actual work relationship. The fact the worker provided their own grooming tools does not make them an independent contractor. All work was performed on firm premises (not in a truck at mobile locations), under the firm's business name and reputation. The firm stated it determined the rate of pay charged for services. It provided the space, bath tub, grooming table and dryers. The worker did not lease the space. The customer paid the firm for the grooming services their pets received.