



Do you know the difference between employees and independent contractors?

The IRS classification determines whether or not employers are responsible for paying applicable taxes, e.g. unemployment tax or Social Security. Employers pay these taxes for their employees while independent contractors are required to pay these taxes themselves. In general, full time household workers such as nannies and housekeepers are classified as employees. It sometimes becomes more difficult to classify workers who are part time or temporary. Some of the guidelines offered by the IRS for classifying a worker as an independent contractor are as follows:

THE WORKER IS ABLE TO SET HIS OR HER OWN SCHEDULE FOR DOING THE WORK. For instance, the babysitter who works intermittently only when they are available is an independent contractor. The babysitter who has a set work schedule that you control, even if only part time or temporary, is an employee.

THE WORKER PROVIDES HIS OR HER OWN TOOLS FOR THE JOB. A handyman who purchases and uses his own tools and materials for the job is an independent contractor.

THE WORKER OFFERS THEIR SERVICES TO THE GENERAL PUBLIC. A babysitter who works for several families at the same time or a master craftsman who advertises services via a public website would be independent contractors.

THE WORKER CONTROLS HOW THE WORK IS DONE. The employer may tell the worker how they would like the final product, e.g. bookcases built to certain specifications and installed in the den, but the independent contractor determines how they will complete the work.

This list is only a few of the IRS requirements. It is wise to consult with an expert who can help you make the correct determination.



For more information about best practices for hiring and staff management, contact Teresa Leigh Household Risk Management at info@teresaleigh.com.

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