Twenty Common Law Factors

Employee vs. Independent Contractor

1. **Instructions**- Employee complies with instructions about when, where, and how work is to be performed. Independent Contractor works his or her own schedule.

2. **Training**- Employee is trained by experienced personnel. Independent Contractor uses own method of training.

3. **Integration**- For employees, services of the individual are merged into the business. For independent contractors, success of the business is not dependent on his or her services.

4. **Services Rendered Personally**- For employees, must be rendered personally. Contractors may assign people to do the job.

5. **Hiring, Supervising, and Paying Assistance**- Employer hires, supervises, and pays workers at their discretion. Independent Contractor hires, supervises, and pays the other workers as a result of a contract under which contractor agreed to provide materials and labor and is responsible for the results.

6. **Continuing Relationship**- Employees continue to work for the same person year after year. Independent Contractors have no continuous relationship.

7. **Set Hours of Work**- Employees have set hours and days and Independent Contractors are masters of their own time.

8. **Other jobs**- Employees must devote full time to the business of the employer. Independent Contractors are free to work for others.

9. **Location**- Employees work under the control of employers in regards to physical location. Independent Contractors may work off employer's premises, may use own office, phone etc.

10. **Order of Work**- For employees, set by employer. Independent Contractors can perform services at own pace.

11. **Interim Reports**- Employees are required to submit regular reports to employer, Independent Contractors are not.

12. **Payment**- Employees are paid by employer of regular amounts; Independent Contractors are paid by the job on a straight commission basis.

13. **Expenses**- Employer pays employee's travel expenses etc. Independent contractor pays own expenses.

14. **Materials**- Employee is furnished tools materials etc., while independent contractors furnish own tools and materials.

15. **Investment**- Employees have a lack of investment and depends on the employer for such facilities. Independent contractors have a real essential investment.

16. **Profits/Losses**- Employees cannot realize profit or loss via good or bad decisions. Independent Contractors can gain profits or losses via their services.

17. **Working for more than one firm at a time**- Employee usually works for one employer while independent contractors can work for a number of firms at one time.

18. **Services Available to Public**- Employees do not except through some company or business they have an interest in. Independent Contractors have own offices and assistants and holds a business license, are listed in business directories, run ads etc.

19. **Right to Discharge**- Employees can be discharged at any time while independent contractors cannot be fired as long as they meet contract specifications.

20. **Right to Terminate**- An employee can end relationship with employer at any time while independent contractors are responsible legally for the satisfactory completion of a specific job.