

Payroll

1099 or W-2 Payee?

The ABC test

This only focuses on a few factors:

- A.** Whether the hiring firm controls the worker on the contract.
- B.** Whether the worker is operating an independent with similar other clients.
- C.** Where the work is performed.

IRS Common Law Factors

Factors which tend to indicate W-2 Employee Status are when the workers:

- 1.** Must comply with employer's instructions about the work.
- 2.** Receive training from or at the direction of the employer.
- 3.** Provide services that are integrated into the business.
- 4.** Provide services that must be rendered personally.
- 5.** Hire, supervise and pay assistants for the employer.
- 6.** Have a continuing work relationship with the employer.
- 7.** Must follow set hours of work.
- 8.** Work full-time for an employer.
- 9.** Do their work on the employer's premises.
- 10.** Must do their work in a sequence set by the employer.
- 11.** Must submit regular reports to the employer.
- 12.** Receive payments of regular amounts at set intervals.
- 13.** Receive payments for business and/or traveling expenses.
- 14.** Rely on the employer to furnish tools and materials.
- 15.** Lack a major investment in facilities used to perform the service.
- 16.** Cannot make a profit or suffer a loss from their services.
- 17.** Work for one employer at a time.
- 18.** Do not offer their services to the general public.
- 19.** Can be fired by the employer.
- 20.** May quit work at any time without incurring liability.