

# How Businesses Determine if a Worker is an Employee or Independent Contractor



The degree of control and independence of workers fall into three main categories, and each must be considered when determining if a worker is an employee or independent contractor.

## Behavioral Control

Does the business control or have the right to control how the worker does their job?

Factors to consider include:

- › Type of instructions given
- › Degree of instruction
- › Evaluation systems
- › Training

## Financial Control

Does the business have the right to control the economic aspects of the worker's job?

Factors to consider include:

- › Significant investment
- › Unreimbursed expenses
- › Opportunity for profit or loss
- › Services available to the market
- › Method of payment

## Relationship

How does the worker and the business see their relationship with each other?

Factors to consider include:

- › Written contracts
- › Employee benefits
- › Permanency of the relationship
- › Services provided as key activity of the business

**Form SS-8** can help employers determine the status of their workers.

Learn more about businesses [classifying workers and contractors and related topics](#).