

Independent Contractors vs. Employees

Or

Professional Service Agreement vs. Payroll Authorization Form

Generally, all employees are withheld income taxes, Social Security, Medicare and unemployment taxes from his/her wages. However, employers are not required to withhold or pay taxes for Independent Contractors. Before determining whether an individual should be on an agreement paid through accounts payable or an employee paid through payroll, you must first examine the relationship between UIW/SACHS and the individual performing the service.

Please complete the Checklist below to help classify an individual correctly. If you answer any of the questions with 'yes', please contact the Human Resources office at uiwhr@uiwtx.edu before a final decision is made.

Section A

Questions	Yes	No
1. Has the individual been an employee or student for UIW/SACHS in the past 12 months? If answered 'no' skip to section B.		
2. Does the UIW/SACHS <u>employee</u> own his own business? <i>This would be in addition to his employment with the University.</i>		

STOP: If answered 'yes' to question #2 continue to section B; otherwise, this individual is an employee and would be paid on a payroll authorization form.

Section B

Questions	Yes/IC	No/EE
1. Is the individual self-employed?		
2. Does the work involve special skill and training not currently possessed by a UIW/SACHS employee?		
3. Does the individual pay for his/her own business expenses?		
4. Will the individual provide his/her own equipment or materials?		
5. Is the individual hired for a particular project?		
6. Is the project for a discrete amount of time?		
7. Does the individual provide UIW/SACHS with an invoice for fees?		
8. Does the individual provide his/her services to other companies or entities?		
9. Is the individual free to accept projects from other companies while performing services for UIW/SACHS?		
10. Does the individual have a specific occupation?		
11. Will the individual's hours be set by the individual?		

12. Is the individual free to make his/her own decisions without the supervision from a UIW/SACHS employee?		
13. Is the individual free to reject additional projects from the company?		
14. Does the individual have full discretion to hire or fire anyone who will assist in the project?		
15. Is there an understood consequence to the individual for quitting prior to the completion of the project?		
16. Is the individual responsible for his or her own federal and state tax obligations?		
17. Does the worker have an opportunity for profit/loss?		
18. The individual can be dismissed only on some type of failure to comply with a signed agreement (as opposed to the individual being subject to "dismissal at any time for any reason)?		
19. Is the work performed at a separate location from UIW/SACHS premises?		

Briefly describe the duties or assignment to be performed: _____

Dates the duties are to be performed: _____ to _____

Form Completed By:

Print Name

Signature

Email

Phone Number

For additional information on independent contractors, visit the IRS website at <https://www.irs.gov/businesses/small-businesses-self-employed/independent-contractor-self-employed-or-employee>.

Office Use Only:

Determination: Check One:

Contractor

Employee

Reviewed By: _____
Print Name

Signature