

# Employee or Independent Contractor

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Your business is expanding and it's time to hire someone to help you out. Will they be an employee or an independent contractor?

When answering that question, the important point is whether or not they are working **independently**. There are 20 common law tests that determine whether or not a worker is an employee, but I've found that most employers can figure it out by answering these five questions:

1. Will you be providing a place for the person to work (office, desk, etc.)?
2. Are you planning on providing the person with tools to do their job (paper, pencils, computer, calculator, hammers, etc.)?
3. Will you be telling the person how to do their job or providing a training program for them?
4. Will you be taking responsibility for their work?
5. Do you want to be able to fire this person whenever you see fit?

If you answered **yes** to all of the above questions, then you are about to hire an **employee**.

If you answered **no to any of the above questions**, then they may be an **independent contractor**. To be sure you can take a look at [Form SS-8](#), which is what the IRS uses to classify workers, or ask your tax consultant.

Just remember, the distinction between employee and independent contractor is not a matter of choice, it's a matter of law.

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