

# Independent Contractor Pre-Hire Worksheet

## Payee Information

Sole Proprietor \_\_\_\_\_ Partnership \_\_\_\_\_ Corporation \_\_\_\_\_

Name (if individual) \_\_\_\_\_ Name of Company \_\_\_\_\_

Campus \_\_\_\_\_ Department \_\_\_\_\_

If Foreign National, Country \_\_\_\_\_ Visa Type \_\_\_\_\_

## Multiple Relationships with University

1. Is this individual on record as a current employee? (Includes individuals who are EDB employees, even if they are currently not being paid. Also includes employees of other UC campuses.) Yes \_\_\_\_\_ No \_\_\_\_\_
  - a. If yes to #1, does the individual have teaching or research responsibilities? Yes \_\_\_\_\_ No \_\_\_\_\_
  - b. If no, is it expected that the University will hire this individual as an employee following the termination of this service? Yes \_\_\_\_\_ No \_\_\_\_\_
  
2. Was the individual a University employee any time during the last two years, and did he or she provide the same or similar services while an employee? Yes \_\_\_\_\_ No \_\_\_\_\_
  - a. If yes to #2, what was the separation date? \_\_\_\_\_
  - b. If yes to #2, did the individual engage in any of the negotiations, transactions, planning, arrangements, or any part of the decision-making process relevant to the contract, OR, was the individual in a policy making role in the same general subject area as the contract while still employed? Yes \_\_\_\_\_ No \_\_\_\_\_
  
3. Is the individual a Near Relative of a current UC employee? (Near Relatives include spouses and domestic partners. See Bus 43, Sec. 7) Yes \_\_\_\_\_ No \_\_\_\_\_
  - a. If yes to #3, does the UC employee have any role in the decision-making process related to the contract? Yes \_\_\_\_\_ No \_\_\_\_\_

## IRS Classification Factors

Before a worker is hired as an independent contractor, the following checklist must be completed to help determine whether an employer/employee relationship exists.

## IRS Classification

**Behavioral Control:** Right to direct and control details and means by which worker performs services.

1. **Instructions.** Will the University have the right to give the worker instructions about when, where and how he or she is to do the job? Yes \_\_\_\_\_ No \_\_\_\_\_

The following are examples of instruction:

- When and where to do the work
- What tools or equipment to use
- What workers to hire

2. **Training.** Will the worker receive training from the University? (Employees may be trained to perform services in a particular manner. Independent contractors ordinarily use their own methods.) Yes \_\_\_\_\_ No \_\_\_\_\_

**Financial Control:** Right to direct and control economic aspects of the worker's activities.

3. **Significant Investment.** Has the worker invested in facilities (such as an office) used to perform services? (A worker who rents an office is typically an independent contractor.) Yes \_\_\_\_\_ No \_\_\_\_\_

4. **Business Insurance.** Does the worker carry business insurance? (An independent contractor ordinarily carries business insurance.) Yes \_\_\_\_\_ No \_\_\_\_\_

5. **Payment of Expenses.** Will the University pay the worker's business or travel expenses? (Employers typically reimburse employees for business expenses. An individual who is paid a fee for services without being reimbursed for business expenses is typically an independent contractor.) Yes \_\_\_\_\_ No \_\_\_\_\_

6. **Services Available.** Does the worker make his or her services available to other employers? (An individual paid by other employers for the same type of service provided to the University is likely an independent contractor. If the individual is expected to work 40 hours/week for the University that is evidence of an employee relationship.) Yes \_\_\_\_\_ No \_\_\_\_\_

7. **Payment by Hour, Week or Month.** Will the University pay the worker by the hour, week or month, rather than by commission or by the job? (Payment by the week, month, etc. indicates an employee relationship.) Yes \_\_\_\_\_ No \_\_\_\_\_

8. **Realization of Profit or Loss.** Will the worker bear the risk of making a profit or loss under the arrangement? (A contingent fee or commission arrangement indicates an independent contractor relationship. Employees are typically paid by salary.) Yes \_\_\_\_\_ No \_\_\_\_\_

**Relationship of Parties:** Intent of parties concerning status and control of worker.

9. **Right to Terminate.** Could the University terminate the worker at any time without incurring liability? (An at-will relationship is evidence supporting an employee relationship.) Yes \_\_\_\_\_ No \_\_\_\_\_

10. **Regular Business Activity.** Is the work to be performed part of the regular business of the University, such as teaching or research? Yes \_\_\_\_\_ No \_\_\_\_\_

11. **Employee Benefits.** Will the worker receive any employee benefits? (An individual who receives health or retirement benefits is likely to be an employee.) Yes \_\_\_\_\_ No \_\_\_\_\_

**Determination**

Hire worker as an employee

Hire worker as an independent contractor

*(If department has determined that the worker is an independent contractor and total payments to the payee are expected to be over \$50,000, Tax Services' approval is required.)*

**Evaluation of Classification Factors**

If you have determined that the worker is an independent contractor, please provide the justification for your conclusion based upon your responses above:

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**Department Authorization**

**Tax Department Authorization** (Required only if classified as independent contractor and payments are expected to be over \$50,000.)

Prepared By \_\_\_\_\_ Date \_\_\_\_\_

See Business & Finance Bulletin BUS 77, Independent Contractor Guidelines, for more information on applying the classification factors.