

## Employee vs. Independent Contractor: What's the Difference?

Tax rules differ for employees vs. independent contractors, so consider income taxes when you need to hire help for your business.

### HIRE AN EMPLOYEE

The IRS looks at the degree of control you have over a worker's behavior and finances, along with the type of relationship you have. For example, the IRS deems workers to be employees if you control when and how they perform the work, control how they are paid and provide them with supplies to do the job. This means you'll need to collect and pay payroll taxes and abide by federal and state employment laws.

### REMAIN INDEPENDENT

There is no magic set of rules that make a worker an employee or not. But having a worker sign an independent contractor agreement doesn't automatically mean they're a contractor. You'll need to look at the totality of the relationship between you and the worker. And if you're ever in doubt, you can submit a Form SS-8 for the IRS to determine your worker's status.



(516) 294-0400



(516) 938-0491



415 CROSSWAYS PARK DR.  
SUITE C  
WOODBURY, NY 11797

KVLSMCPA.COM

