

## SUPERSEDED: Section 1706 Independent Contractor 20 Common Law Factors \*

**General Rule:** Client has the right to control or direct only the result of the work of an independent contractor and not the means and methods used by the contractor to accomplish the result.

- Need to meet a preponderance of the 20 Common Law Factors listed below.

Met?	Common Law Factor	Description
	1. No instructions	Contractor controls how the work results are achieved. The client may provide job specifications.
	2. No training	Contractors use their own methods and receive no training from the purchasers of their services.
	3. Work is not essential to client	The hiring firm's success or continuation does not depend on services of outside contractors.
	4. Services don't have to be rendered personally	Contractor is engaged to provide a result and can hire others to achieve that result.
	5. Control own assistants	Hiring, paying, and supervising of assistants is responsibility of contractor.
	6. Not a continuing relationship	Relationship is on-call (not full-time), irregular, or when work is available.
	7. Own work hours	Contractors set their own work hours
	8. Choose clients	Contractors can work when and for whom they choose.
	9. Control job location	Contractor determines work location based on job
	10. Controls work order	Contractors set order and sequence of work.
	11. No interim reports	Contractor provides final results specified in contract.
	12. Paid by job	Paid for results.
	13. Pays own expenses	Contractors are responsible for their own incidental business expenses.
	14. Own tools and materials	Contractors furnish their own tools (computers, software, etc.) and their own materials (paper, etc.)
	15. Significant investment	Contractors have a significant investment in the facilities they use in performing services for clients.
	16. Possible profit or loss	Contractors can earn a profit or suffer a loss because they: <ul style="list-style-type: none"> <li>• Hire, direct, and pay assistants</li> <li>• Have own office, equipment, materials, or facilities</li> <li>• Have continuing or reoccurring liabilities</li> <li>• Have agreed to perform specific jobs for agreed upon prices</li> <li>• and their performance affects their business reputation</li> </ul>
	17. Working for multiple firms	Contractor is free to provide services to multiple unrelated clients at the same time.
	18. Offers services to the general public	Contractor offers services to the public by at least one of these ways: <ul style="list-style-type: none"> <li>• Having an office and assistants</li> <li>• Having business signs</li> <li>• Having a business license</li> <li>• Listing services in a business directory</li> <li>• Advertising services</li> </ul>
	19. Limited right to discharge	Contractor cannot be fired. Contract termination controlled by contract.
	20. Limited right to quit	Contractor usually agrees to complete a specific job and is responsible for its satisfactory completion, or is legally obligated to make good for failure to complete it. Contract termination controlled by contract.

\* Adapted from IRS Publication 937: Employment Taxes • For educational purposes only • Not meant to provide legal advice  
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