



## Service Provider Evaluation Worksheet

Service Provider Name \_\_\_\_\_ Doing Business as \_\_\_\_\_

### **IRS Common Law Guidelines**

| <b>Behavioral Control<br/>(Check all that apply)</b>                                  | <b>Yes</b> | <b>Generally Indicates Employee Classification</b> | <b>No</b> | <b>Generally Indicates Independent Contractor Classification</b>       |
|---|------------|--|-----------|--|
| 1. Will you provide instruction about when, where, and/or how the work is to be done? |            | Complies with the unit's instructions.             |           | Determines own schedule, location and tasks                            |
| 2. Will you provide training to the service provider?                                 |            | Trained by GTC.                                    |           | Responsible for own training.  |
| 3. Will you require the service provider to perform the services personally?          |            | Must be performed personally.                      |           | Can be performed by his or her employees or subcontractors.            |
| 4. Will GTC establish the hours of work?  |            | GTC sets the hours.                                |           | Responsible for his or her own schedule.                               |
| 5. Will GTC require the services full-time during the duration of the contract?       |            | GTC requires full-time commitment.                 |           | Can work for others during the period of the contract.                 |
| 6. Will the work be performed on GTC's premises or GTC's client locations?            |            | Performed at GTC or GTC's client locations.        |           | Performed at the service provider's place of business, office or home. |
| 7. Will GTC require progress reports on a regular basis?                              |            | GTC requires reports.                              |           | Reports are not required unless stipulated in the contract.            |

| <b>Financial Control<br/>(Check all that apply)</b>   | <b>Yes</b> | <b>Generally Indicates Employee Classification</b>         | <b>No</b> | <b>Generally Indicates Independent Contractor Classification</b>   |
|---|------------|--|-----------|--|
| 8. Will the contract be based on hourly, weekly or monthly rate?                                      |            | GTC pays on an hourly, weekly or monthly basis.            |           | GTC pays per project.  |
| 9. Will GTC pay the service providers business and/or travel expenses?                                |            | GTC pays the business and traveling expenses.              |           | Responsible for all expenses and can maximize profit by managing costs.  |
| 10. Will GTC furnish any of the following: office space, equipment, materials, tools and/or supplies? |            | GTC furnishes equipment, materials, tools and/or supplies. |           | Service provider furnishes everything.   |
| 11. Is the service provider's principle place of business a "home office"?                            |            | Works at home.   |           | Rents office space at fair market value from an unrelated party and/or has employees as a workforce for his or her projects. Has significant investment in the business. |

| Relationship<br><i>(Check all that apply)</i>  | Yes | Generally Indicates Employee Classification                                 | No | Generally Indicates Independent Contractor Classification   |
|--|-----|---|----|---|
| 12. Does the service provider work for one firm at a time?   |     | Works for only one firm at a time.  |    | Performs services for multiple, unrelated customers at the same time.   |
| 13. Does the service provider make his or her services known to the public primarily through word of mouth?  |     | Makes his or her services known by word of mouth.                           |    | Advertises his or her business in publications, yellow pages, web, etc.   |
| 14. Does GTC have the right to discharge the worker?   |     | GTC has the right to discharge.   |    | Cannot be fired if he or she produces a result based on the specifications of the contract.   |
| 15. Does the service provider have the right to end his or her relationship with GTC at any time without incurring liability?                          |     | The service provider can terminate at any time without incurring liability. |    | The service provider incurs liability for non-delivery.   |
| 16. Does GTC anticipate a continuing relationship?   |     | GTC anticipates a continuing relationship.                                  |    | A continuing relationship is not anticipated. Projects will be awarded only when the need arises, and will be based on bids and specifications. |
| 17. Will you integrate the service provider's services into your daily operations by providing e-mail, an office and requiring attendance at meetings? |     | Integrated into the unit.   |    | Independent of unit activities.   |

Comments:

## Evaluation

To the best of my knowledge, information provided in the checklist above is accurate.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

## Certification

Based on the above checklist and my knowledge of the proposed services, it is my determination that the individual providing the service should be classified as an: \_\_\_\_ **Employee** \_\_\_\_ **Independent Contractor**.

Finance Approval: \_\_\_\_\_ Date: \_\_\_\_\_

## IRS Guidelines for Classifying Service Providers

Service Providers classification is based on facts and circumstances; no one fact determines service provider classification. The IRS currently emphasizes three broad categories: behavioral control, financial control, and the overall relationship. These are discussed in section 701 of the Buying Manual. These categories are directly related to the "20-Factor Test," which is described in IRS Revenue Ruling 87-41. The factors contained in the IRS "20-Factor Test" are described below.

An independent contractor generally:

- Sets the sequence of tasks needed to accomplish the work. The college has no right to set this sequence.
- Is subject to the instructions outlined in the contract, but is not instructed by the college about when, where, and how to work.
- Furnishes his or her own tools, materials, and the like.
- May hire and supervise others to assist in the completion of the work. The decision to hire assistants is within the control of the independent service provider and in no way affects his or her remuneration.
- Bears all business expenses associated with the performance of the work, including insurance, travel, meals and lodging.
- Is in a position to realize a profit or suffer a loss as a result of his or her services.

○ **Note:** A service provider paid by the hour is not in a position to realize a profit or loss; he or she is merely compensated for time and effort. If the service provider is subject to a real risk of economic loss due to significant investments or a bona fide liability for expenses, such as salary payments to unrelated employees, these factors indicate the service provider is an independent contractor.

- Cannot be discharged if the contract specifications are being met.
- Cannot terminate the service contract with the college without incurring a liability.
- Makes his or her services available to the general public (outside the college community). This may include holding a business license, advertising a service or providing a listing of his or her business telephone.
- Is not providing services that become integrated into the day-to-day operations of the college.
- Is free to work when, for whom, and for as many firms as he or she chooses and is not required to work full-time for any one employer. There should be no agreement of exclusivity with the hiring firm.
- Chooses working hours at his or her discretion. When the work is performed on college premises, the independent contractor may be required to function within certain hours, but need not be present at any specific time.
- Is paid a fixed fee.
- Does not have a continuing relationship with the college. Services may be considered continuing although they are performed at irregular intervals, on a part-time basis, seasonally, or over a short-term.
- Is not required to work on college premises.
- Is not subject to training by the college and uses his or her own methods to accomplish the work.