

# Worker Classification Checklist

## W-2 vs 1099

### Behavioral Control

**Instructions:** Does the company control *how* the worker performs their tasks?

- Is the worker required to follow specific instructions on how to complete the work?
- Does the company provide extensive training on procedures?
- Is the worker's work closely supervised or evaluated in progress?

**Yes: W-2**

**No: 1099**

### Financial Control

**Investment & Expenses:** Who controls business aspects of the job? Does the worker have unreimbursed business expenses?

- Does the worker have significant investment in the facilities they use to perform services?
- Can the worker realize a profit or suffer a loss as a result of their services?
- Is the worker paid by the hour, week, or month? (W-2) OR Paid a flat fee for a project? (1099)

**Yes: 1099**

**No: W-2**

### Relationship of the Parties

**Type of Relationship:** Are there employee benefits? Is the relationship continuous, and is the work performed a key aspect of the business?

- Does the worker receive benefits such as insurance, pension, or vacation pay?
- Is the relationship ongoing rather than project-based?
- Are the services provided a critical aspect of the business? (e.g., a law firm hiring a lawyer vs. hiring a plumber)

**Yes: W-2**

**No: 1099**

## Rule of Thumb

In general:

- **W-2 Employees:** The company controls *what* work is done and *how* it's done. The company provides benefits and has a continuing relationship with the worker.
- **1099 Independent Contractors:** The worker controls *how* the work is done, invests in their own facilities, can make a profit or loss, and has a project-based relationship with the company.

**Disclaimer:** *This checklist is for informational purposes only and should not be considered legal advice. Consult with a qualified professional for specific guidance.*