

Employee vs Independent Contractor Checklist

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Making the decision of whether someone should be classified as “Employee” or as an “Independent Contractor (IC)” is one that should be made in a thoughtful manner. In short, an employee is a worker who performs duties under the control and direction of an employer whereas an IC is a self-employed worker who provides services to a client under a contractual agreement. Be sure to check and determine the following:

- Who pays the payroll taxes
- Whether the employee has other sources of earned income
- The degree of structure imposed on the clinician.
- The degree of control (as defined by the IRS) that you have as an employer. This specifically relates to behavioral control, financial control and the type of the relationship.
- The opinion of your accountant and tax attorney

Appropriate classification is important to avoid a negative determination by the IRS and possible fines and penalties.

Member Note: TPI members have access to our expanded guides. For more information about making the decision to classify someone as an Employee or Independent Contractor be sure to check out our Tips Guide.

The practice of your dreams can be your reality. If you're looking for personalized guidance or more on this topic, consider a one-on-one consultation with a TPI consultant. Contact us at support@thepracticeinstitute.com to arrange a convenient time.

TPI members have access to our expanded checklists, guides, and tips; a free one-on-one consultation; access to our on-demand Answer Desk; and free small group discussions on a variety of practice needs.

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