



Personnel Practices Audit: Independent Contractors

Answer these questions to determine if these workers are correctly classified as independent contractors.

Does your company:

1. Purchase supplies for the contractor to use in their work for you?
 Yes
 No
2. Lend equipment or supplies to the contractor to finish the work for you?
 Yes
 No
3. Provide ongoing supervision of the contractor's progress?
 Yes
 No
4. Insist that the contractor work only for your company for the duration of the contract?
 Yes
 No
5. Provide continuous, ongoing work for the contractor?
 Yes
 No
6. Have the contractor perform the same jobs as your employees?
 Yes
 No
7. Withhold taxes or provide benefits for the contractor?
 Yes
 No
8. Stipulate what hours the contractor will work for you?
 Yes
 No
9. Contractor performs work integral to your business?
 Yes
 No

If you've answered "Yes" to any of these questions, the IRS or DOL may say that this contractor is really your employee and you're liable for back taxes, penalties and interest charges.