Factors Indicating Employer/Employee Relationship

If you are trying to determine whether someone should be classified as an **employee rather than an independent contractor**, the key issue is generally the degree of **control and independence** in the working relationship.
Common factors indicating an **employer/employee relationship** include:

1. **Behavioral control**
   - The employer determines **when, where, and how** the person performs the work.
   - The employer provides instructions about procedures, methods, and standards.
   - The worker receives training from the employer.
   - The employer supervises the worker's day-to-day activities.
2. **Financial control**
   - The worker is paid a regular **hourly wage, salary, or periodic paycheck** rather than being paid by the project.
   - The employer provides the tools, equipment, supplies, or workspace.
   - The worker has little opportunity for profit or loss based on how the work is performed.
   - The worker does not make significant investments in an independent business.
   - The worker generally does not market their services to multiple customers.
3. **Nature of the relationship**
   - The relationship is expected to continue indefinitely rather than ending after a specific project.
   - The worker performs services that are a **key or regular part of the organization's operations**.
   - The worker receives employee-type benefits such as health insurance, retirement benefits, paid vacation, or sick leave.
   - There is a written employment agreement or the parties otherwise treat the relationship as employment.
4. **Integration into the organization**
   - The person has a regular position within the organization's staffing structure.
   - They attend staff meetings and follow organizational policies.
   - They have a supervisor to whom they report.
   - They use the organization's email, systems, facilities, or equipment.
   - Their work is integrated into the organization's normal operations.

Important point

No single factor determines employee status. The IRS and other agencies look at the **totality of the circumstances**, particularly the actual working relationship rather than simply what the contract calls the person.

For a church or diocese, a particularly important distinction is between someone who is genuinely operating an **independent business**—for example, an outside accountant who serves multiple clients and controls how the work is performed—and someone who works regular hours under the direction of organization staff, uses organization resources, and performs ongoing duties as part of the organization's staff.