

AG TAX TIDBITS

A source of taxation strategies and information...impacting your bottomline.

Reviewed: May 2000

Farm Worker - Employee Or Independent Contractor?

Parman R. Green

UO&E Farm Business Management Specialist

Farmers are notorious for attempting to label workers they utilize to assist them in business operations as independent contractors rather than employees. No question—this situation arises from the reporting and extra tax consequences associated with employees.

The question of whether a relationship more closely resembles an employer-employee relationship or a business-independent contractor relationship is based on ALL the facts and circumstances, not on any one definitive item. As an aid in determining whether a worker is an employee the IRS has listed twenty (20) factors or elements which indicate, when taken as a whole, whether sufficient control is present to establish an employer-employee relationship. The twenty factors are:

1. the right to tell the worker when, where, and how to work;
2. training the worker;
3. integration of the worker's services into the business's general operation;
4. requirement that the service be rendered personally;
5. direction over hiring, supervising, and paying assistants;
6. the worker's continuing relationship with one business;
7. set hours which the worker must work;
8. requires the worker devote full-time attention to one business;
9. performing work on a business's premises;
10. control over the order or sequence of work performed
11. requirement the worker submit reports to the person for whom the work is performed;
12. payment by the hour, week, or month;
13. compensation for business and/or travel expenses;
14. provision of tools and materials;
15. worker's investment in the facilities in which he/she works;
16. worker's direct interest in profitability of the work accomplished;
17. working for more than one firm at the same time;
18. making services available to the general public;
19. a person's right to discharge the worker; and
20. a person's right to terminate the work relationship.