Policy Statement
The University of Georgia complies with the provisions of Internal Revenue Service (IRS) regulations regarding personal service arrangements that create an **employer/employee** or an **independent contractor** relationship.

Reason for policy
The Internal Revenue Service and other government agencies may assess employers with significant financial penalties for misclassifying employees as independent contractors. The University of Georgia must apply common standards in order to reduce the financial and political risks of such misclassifications. The purpose of this policy is to provide a standard process for determining the appropriate worker classification of individuals engaged to perform services for the University. Further, its purpose is to develop documentation supporting the respective department or unit's review and analysis for each individual compensated as an independent contractor by the University.

Procedures
**The IRS “Common Law” Test:** The most important consideration in determining whether an employer-employee relationship exists with an individual is whether the Institution has the right to instruct and control the individual with respect to both the results and the details of the work that is to be performed. The IRS has developed a 20-factor “common law” test which it uses to assist in the determination of whether sufficient control and supervision exist to warrant an employee classification of an individual. A link regarding the 20 factors included in the IRS Common Law Test is included in Related Information. However, no definitive combination of factors has been established by the IRS with which a concrete determination can be made. The factors are simply indicators which may be used to assist in determining the degree of control that may be exercised over the individual, and thus the most appropriate classification for the individual.

**Department Responsibility:** The primary responsibility for determining the classification of an individual as an employee or an independent contractor rests with the department obtaining the personal services. The department must make the initial determination by review and application of the factors associated with work of the individual.

**Examples of Individuals Generally Classified as Employees:**
- Contract-Classified Staff
- Credit or Noncredit Primary Course Instructors
- Faculty
- Hourly Employees
- Medical Residents
- Professional Staff
- Research Assistants
- Student Helpers
- Teaching Assistants

**Examples of Individuals Generally Classified as Independent Contractors:**
- Artists
- Consultants
- Guest Lecturers and Seminar Leaders (occasional service and not Primary Course Instructors)
Please consult the Employee vs. Independent Contractor powerpoint link under Policy Appendices for additional assistance in the determination of how to classify a worker.

For assistance with the payment of independent contractors, please refer to the Purchasing and Payment Processing Policy 2.1.2 link provided under Related Information.

**Additional contacts**

*Julie Camp*

**Phone Number:** (706) 542-3431

**Policy definitions**

**Employee:** An individual who performs personal services for the institution where the institution has the right to control and direct the individual who performs the services, not only as to the result to be accomplished, but also as to the details and means by which that result is to be accomplished. It is not necessary that the institution actually direct or control the manner in which the services are performed; it is sufficient to establish an employee-employer relationship that the institution has the right to do so.

**Employer:** The institution, when it has a relationship with an individual performing services for its benefit, and where the institution has the right to subject the individual to its will, and control not only what shall be done but how it shall be done.

**Independent Contractor:** An individual who performs personal services for the institution where the institution has the right to specify the result to be accomplished by the work, but not the means and methods by which the result is to be accomplished.

**Responsibilities**

**Responsible University Senior Administrator:** Vice President for Finance & Administration

**Responsible University Administrator:** Associate Vice President for Finance Division

**Policy Owner:** Payroll

**Policy Contact:** *Julie Camp*

**Phone Number:** (706) 542-3431

**Policy Appendices**

*Employee vs. Independent Contractor power point*

**Related information**

*IRS 20-Factor Common Law Test*

*Purchasing and Payment Processing Policy 2.1.2 Payments to Non-Employee for Services Rendered*

*Extra Compensation for Faculty & Staff | Direct Deposit of Payroll Checks*

**Policy Dates**

**Effective Date:**

Date Last Updated: 01/06/2017

Date of Last Review:

Date of Approval:

Previous Version of Policy: