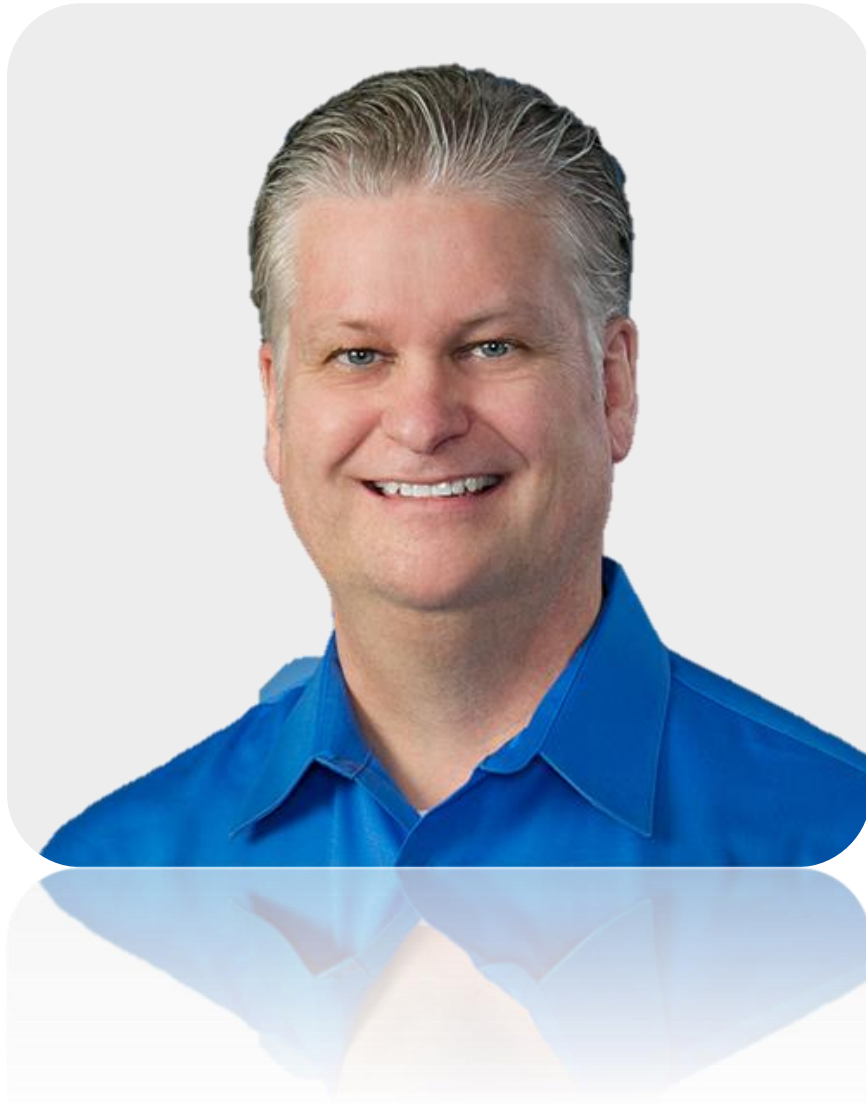


Navigating Through The Chaos

Independent Contracting Compliance






Kimball Norup

CEO | ComplianceHR

norup@compliancehr.com

Introducing the Navigator Suite


ComplianceHR SmartScreen



COVID-19 Screening
Efficiently screens your employees and tracks results as they return to work, while helping you ensure privacy and 50-state compliance.

[+ Manage Employees](#) [Track Results](#)


COVID-19 Resource Center



COVID-19 Resource Center
Quickly delivers answers to the most pressing employment-related COVID-19 topics such as health and safety, leaves of absence and more.

[Use FAQ Rapid Reference](#)
[View Resource Documents](#)


PolicySmart



Be Confident. Stay Compliant.
PolicySmart's simple templates and checklists make it easy to create and maintain your policies. Ensure you never miss an update with our intuitive news and notifications about regulatory changes.

[View Policy Documents](#) [View Policy News](#)
[Configure Jurisdictions](#)


Navigator IC



Independent Contractor Assessment
Delivers an actionable risk assessment, a report on how to lower the risk of misclassification, and a summary of applicable laws

[+ Create New Evaluation](#) [View Evaluations](#)
[IC Agreement](#)


Navigator OT



Exempt Status Assessment
Provides a risk assessment of each applicable exemption, suggestions on how to lower the risk of misclassification, and a summary of the federal and state exemption standards

[+ Create New Review](#) [View Reviews](#)
[View Evaluations](#)


Navigator Leave



Leave Compliance
Generates state and federal compliant forms, and quickly delivers federal and state-specific leave requirements (and paid sick leave or "PSL") through Rapid Reference tools.

[+ Create New Form](#) [View Forms](#)
[Use PSL Rapid Reference](#) [Use Rapid Reference](#)


Navigator Pay Practices



Wage and Hour Compliance
Delivers comprehensive reports on a federal and state-by-state basis for the most common wage and hour issues

[Find Minimum Wage](#) [Use Rapid Reference](#)

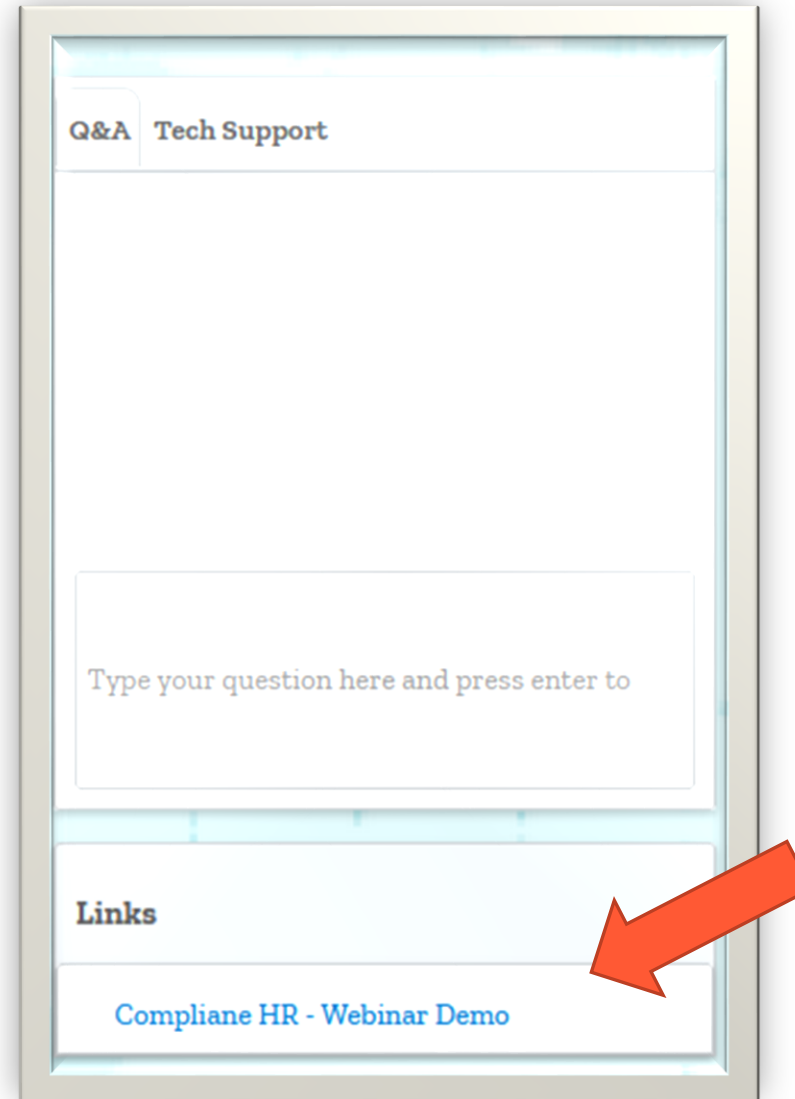
Navigator Onboarding



Onboarding Document Production
Produces state and federal compliant employment applications, offer letters, and employee non-disclosure documents

[+ Create New Document](#)

Register for a Navigator Suite Demonstration



The image shows a screenshot of a web interface. At the top, there are two tabs: 'Q&A' and 'Tech Support'. Below the tabs is a large, empty text area. In the center of this area is a placeholder text: 'Type your question here and press enter to'. Below the text area is a section titled 'Links'. Under the 'Links' section, there is a single link labeled 'Compliance HR - Webinar Demo'. A red arrow points from the right side of the image towards this link.

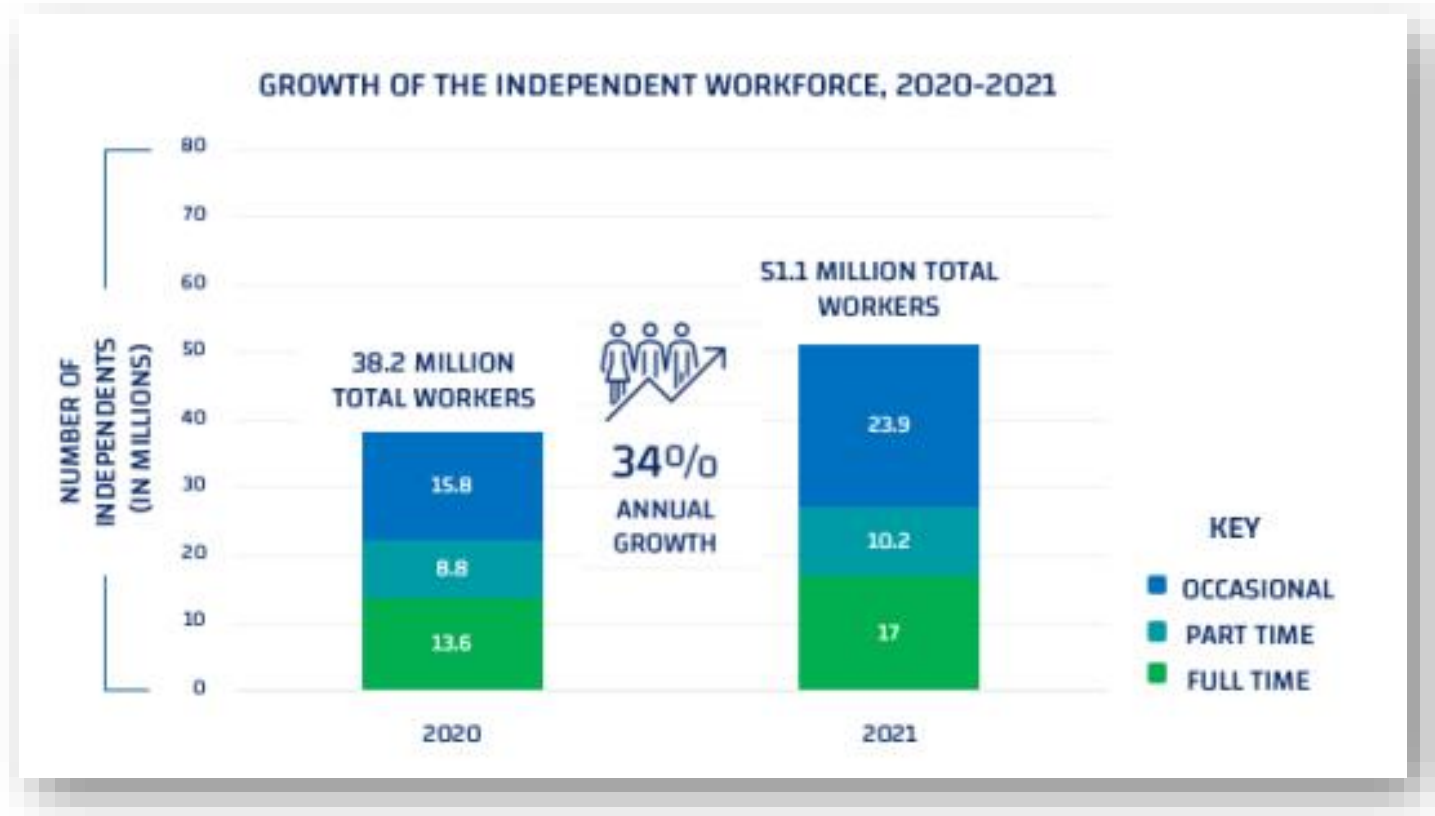
What You'll Receive

- Full slide presentation (pdf format)
- Link to recorded audio presentation
- ComplianceHR demonstration and free trial!



Q & A Box on your screen (questions are confidential – visible to presenters only)

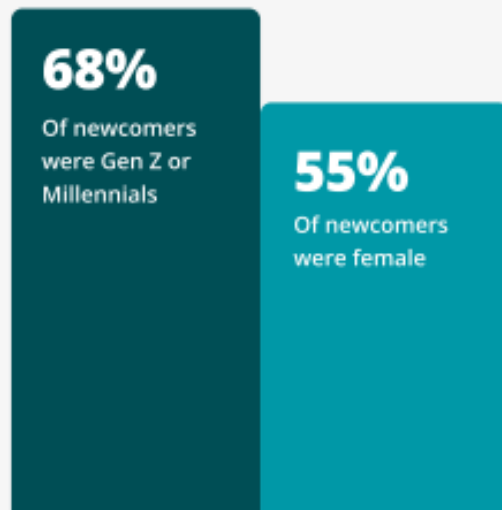
34% Increase in Independent Workers Last Year



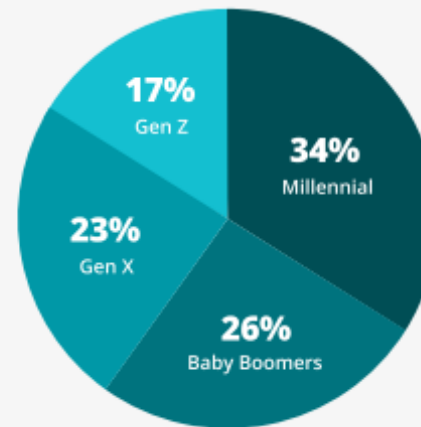
<https://www.mbopartners.com/state-of-independence/>

New Independent Workers are Gen Z & Millennials, Women

New Faces



Demographic at a Glance



Millennials and Gen Z outnumber Baby Boomers and Gen X

New Independent Worker are Happier, Healthier, and More Secure

Sentiment at a Glance

87%

Are happier working on their own

78%

Are healthier working on their own

About two-thirds (68%) of full-time independent workers say that working independently is more secure than having a traditional job.

Many of those quitting full-time work are drawn to independent work by the work/life flexibility, autonomy, and control it provides.



63%

of workers (up from 59% in 2020) say that working independently was their choice completely



77%

are highly satisfied, the highest level of satisfaction in our 11 years of data

CALIFORNIA PROPOSITIONS

Prop. 22 California election results: Rideshare measure passes



By ABC7.com staff

Wednesday, November 4, 2020

California voters have approved Proposition 22, which classifies app-based drivers for companies such as Uber and Lyft as independent contractors instead of employees.

With more than two-thirds of the state's precincts reporting, the measure was ahead by a 58-42 margin - more than 6.3 million votes in favor to 4.5 million opposed.

WORK

There are more than 11 million open jobs in America right now—and workers have the upper hand

Published Thu, Mar 10 2022 • 11:46 AM EST



Tammy McCutchen

Strategic Adviser | ComplianceHR

tammy@compliancehr.com

- Former Administrator, US-DOL, Wage & Hour Division
- A leading authority of federal and state wage and hours law
- Primary architect of DOL's overtime exemptions regulations & ComplianceHR's Navigator IC and Navigator OT applications



Maury Baskin

Shareholder | Littler | Washington, DC
mbaskin@littler.com

- Co-Chair, Workplace Policy Institute
- Led successful challenges against DOL regulations on behalf of multi-industry coalitions, including the 2016 “white collar” overtime rule and the so-called “blacklisting” rule
- Led successful defense and reinstatement of the 2021 independent contractor rule

January 2021 Independent Contracting Regulations

Economic Reality Test

An individual is an employee “if as a matter of economic reality, the individual is economically dependent on that employer for work”

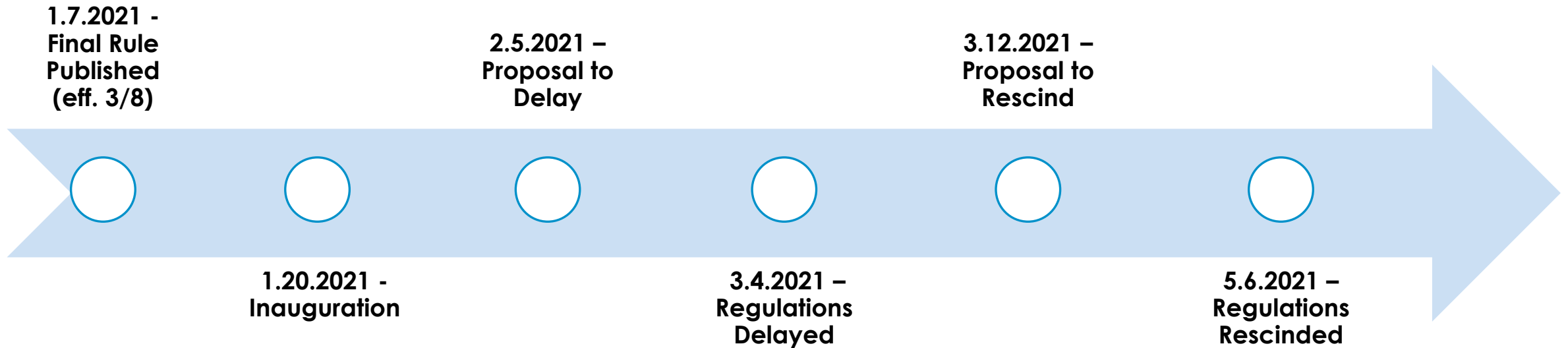
Two Core Factors:

1. The nature and degree of control over the work
2. The worker’s opportunity for profit or loss

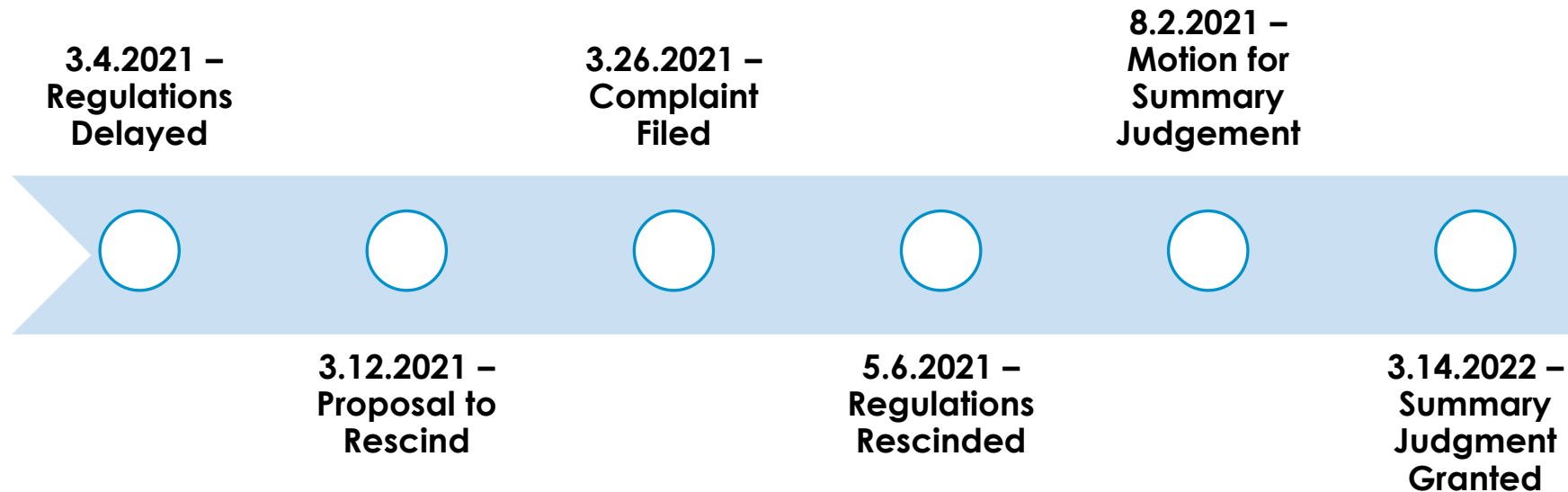
Other Factors

1. The amount of skill required
2. The degree of permanence of the relationship
3. Whether the work is part of an integrated unit of production

Death of the IC Regulations



The Litigation



Resuscitation of the IC Regulations

Workplace Innovation v. Walsh (March 14, 2022, E.D. Tex.)

- Recission was arbitrary and capricious because DOL refused to consider any alternatives to total withdrawal of the Trump rule and “left regulated parties without consistence guidance”
- The Trump rule “became effective on March 8, 2021, the rule’s original effective date, and remains in effect.”

Alternatives that DOL could have considered:

- A version of the Trump rule that did not elevate any factors as core factors
- A regulation that enumerated six factors instead of five, ranked the factors, or rephrased any of the factors’ wording
- Adopting the seven factors that the Department previously set forth in Fact Sheet #13 as the applicable economic realities test



What's Next?

- Appeal the decision to the Fifth Circuit
- Start the regulatory process all over again to consider alternatives as suggested by District Court

Misclassification of Employees as Independent Contractors

On March 14, 2022 a district court in the Eastern District of Texas vacated the Department's Delay Rule, Independent Contractor Status Under the Fair Labor Standards Act (FLSA): Delay of Effective Date, [86 FR 12535](#) (Mar. 4, 2021), and the Withdrawal Rule, Independent Contractor Status Under the Fair Labor Standards Act (FLSA): Withdrawal, [86 FR 24303](#) (May 6, 2021). The district court further stated that the Independent Contractor Rule, Independent Contractor Status Under the Fair Labor Standards Act, [86 FR 1168](#) (Jan. 7, 2021), became effective as of March 8, 2021, the rule's original effective date, and remains in effect.

Will DOL Follow the 2021 Regulations?

<https://www.dol.gov/agencies/whd/flsa/misclassification>

Will DOL Follow the IC Regulations?



David Weil,
Former and Nominee for
Wage & Hour Administrator



Jessica Looman,
Acting Administrator
Wage & Hour Division



Seema Nanda
Solicitor of Labor
Former Deputy Solicitor



Patricia Smith,
Senior Counselor to the Sec'y
Former Solicitor of Labor

What's an Employer To Do?

Until resolution of an appeal or a new regulation:

- In DOL investigations and private litigation, argue for application of the Trump regulation
- When setting company policy, apply Fact Sheet #13



January 2021 Independent Contracting Regulations

Economic Reality Test

An individual is an employee “if as a matter of economic reality, the individual is economically dependent on that employer for work”

Two Core Factors:

1. The nature and degree of control over the work
2. The worker’s opportunity for profit or loss

Other Factors

1. The amount of skill required
2. The degree of permanence of the relationship
3. Whether the work is part of an integrated unit of production

Core Factor #1: The Nature and Degree of Control



The worker exercises substantial control over key aspects of the performance of the work by:

- Setting her own schedule
- Selecting his own projects
- Being able to work for others, including the company's competitors.

Control does not include requiring the worker:

- To comply with specific legal obligations
- Satisfy health and safety standards
- Carry insurance
- Meet contractually agreed upon deadlines

Core Factor #2: Opportunity for Profit or Loss

The worker has an opportunity to earn profits or incur losses based on:

- Exercise of initiative (such as managerial skill or business acumen or judgment), or
- Management of her investment in or capital expenditure on, for example, helpers or equipment or material

Workers who are unable to affect earnings or is only able to do so by working more hours or faster is an employee



Other Factors

The amount of skill required

- The work requires specialized training or skill that the potential employer does not provide

The degree of permanence of the relationship

- The work relationship is by design definite in duration or sporadic, which may include regularly occurring fixed periods of work, although the seasonal nature of work by itself would not necessarily indicate independent contractor classification

Whether the work is part of an integrated unit of production

- The work is segregable from the potential employer's production process
- This factor is different from the concept of the importance or centrality of the individual's work to the potential employer's business

Current DOL Guidance

dol.gov/agencies/whd/flsa/misclassification

	EMPLOYEE	OR	INDEPENDENT CONTRACTOR
	Working for someone else's business		Running their own business
	Paid hourly, salary, or by piece rate		Paid upon completion of project
	Uses employer's materials, tools and equipment		Provides own materials, tools and equipment
	Typically works for one employer		Works with multiple clients
	Continuing relationship with the employer		Temporary relationship until project completed
	Employer decides when and how the work will be performed		Decides when and how they will perform the work
	Employer assigns the work to be performed		Decides what work they will do

DOL Myths About Misclassification



Myth 1: My boss calls me an independent contractor, not an employee. But it really doesn't matter as long as I get paid.



Myth 2: If I am classified as an independent contractor, I am not eligible for unemployment insurance (UI).



Myth 3: I received a 1099 tax form from my employer, and this makes me an independent contractor.



Myth 4: I have been told that I am an independent contractor, this means that I am not entitled to any of the benefits and protections provided to people who meet the definition of an "employee".



Myth 5: I am an independent contractor because I signed an independent contractor agreement.




Myth 6: I am not on the payroll, so I am not an employee.

Get the Facts on Misclassification


GET THE FACTS ON
MISCLASSIFICATION
UNDER THE FAIR LABOR STANDARDS ACT
Employee or Independent Contractor?

The Fair Labor Standards Act (FLSA) provides minimum wage and overtime pay protections to nearly all workers in the U.S. Some employers incorrectly treat workers who are employees under this federal law as independent contractors. We call that "misclassification." If you are misclassified as an independent contractor, your employer may try to deny you benefits and protections to which you are legally entitled.


Please refer to **Fact Sheet 13** for more information on the factors used to determine whether you're an employee or an independent contractor.




Receiving a 1099 does not make you an independent contractor under the FLSA.




Even if you are an independent contractor under another law (for example, tax law or state law), you may still be an employee under the FLSA.



Signing an independent contractor agreement does not make you an independent contractor under the FLSA.




Having an employee identification number (EIN) or paperwork stating that you are performing services as a Limited Liability Company (LLC) or other business entity does not make you an independent contractor under the FLSA.




WAGE AND HOUR DIVISION
UNITED STATES DEPARTMENT OF LABOR

1-866-4US-WAGE
dol.gov/whd




EMPLOYEES


Employers may not misclassify an employee for any reason, even if the employee agrees.



You are not an independent contractor under the FLSA merely because you work offsite or from home with some flexibility over work hours.



Whether you are paid by cash or by check, on the books or off, you may still be an employee under the FLSA.



"Common industry practice" is not an excuse to misclassify you under the FLSA.

Fact Sheet #13

1. The extent to which the services rendered are an integral part of the principal's business.
2. The permanency of the relationship.
3. The amount of the alleged contractor's investment in facilities and equipment.
4. The nature and degree of control by the principal.
5. The alleged contractor's opportunities for profit and loss.
6. The amount of initiative, judgment, or foresight in open market competition with others required for the success of the claimed independent contractor.
7. The degree of independent business organization and operation.

Fact Sheet #13: Employment Relationship Under the Fair Labor Standards Act (FLSA)

On March 14, 2022 a district court in the Eastern District of Texas vacated the Department's Delay Rule, Independent Contractor Status Under the Fair Labor Standards Act (FLSA): Delay of Effective Date, [86 FR 12535](#) (Mar. 4, 2021), and the Withdrawal Rule, Independent Contractor Status Under the Fair Labor Standards Act (FLSA): Withdrawal, [86 FR 24303](#) (May 6, 2021). The district court further stated that the Independent Contractor Rule, Independent Contractor Status Under the Fair Labor Standards Act, [86 FR 1168](#) (Jan. 7, 2021), became effective as of March 8, 2021, the rule's original effective date, and remains in effect.

This fact sheet provides general information concerning the meaning of "employment relationship" and the significance of that determination in applying provisions of the [FLSA](#).

Characteristics

An employment relationship under the FLSA must be distinguished from a strictly contractual one. Such a relationship must exist for any provision of the FLSA to apply to any person engaged in work which may otherwise be subject to the Act. In the application of the FLSA an employee, as distinguished from a person who is engaged in a business of his or her own, is one who, as a matter of economic reality, follows the usual path of an employee and is dependent on the business which he or she serves. The employer-employee relationship under the FLSA is tested by "economic reality" rather than "technical concepts." It is not determined by the common law standards relating to master and servant.

The U.S. Supreme Court has on a number of occasions indicated that there is no single rule or test for determining whether an individual is an independent contractor or an employee for purposes of the FLSA. The Court has held that it is the total activity or situation which controls. Among the factors which the Court has considered significant are:

- 1) The extent to which the services rendered are an integral part of the principal's business.
- 2) The permanency of the relationship.
- 3) The amount of the alleged contractor's investment in facilities and equipment.
- 4) The nature and degree of control by the principal.
- 5) The alleged contractor's opportunities for profit and loss.
- 6) The amount of initiative, judgment, or foresight in open market competition with others required for the success of the claimed independent contractor.
- 7) The degree of independent business organization and operation.

There are certain factors which are immaterial in determining whether there is an employment relationship. Such facts as the place where work is performed, the absence of a formal employment agreement, or whether an alleged independent contractor is licensed by State/local government are not considered to have a bearing on determinations as to whether there is an employment relationship. Additionally, the Supreme Court has held that the time or mode of pay does not control the determination of employee status.

Requirements

When it has been determined that an employer-employee relationship does exist, and the employee is engaged in work that is subject to the Act, it is required that the employee be paid at least the Federal minimum wage of \$5.85 per hour effective July 24, 2007; \$6.55 per hour effective July 24, 2008; and \$7.25 per hour effective July 24, 2009, and in most

cases [overtime](#) at time and one-half his/her regular rate of pay for all [hours worked](#) in excess of 40 per week. The Act also has youth employment provisions which regulate the employment of minors under the age of eighteen, as well as recordkeeping requirements.

Where do you find it?

Biden/Obama Guidance

Fact Sheet #13

- www.dol.gov/agencies/whd/flsa/misclassification

Administrator's Interpretation 2015-1

- www.blr.com/html_email/ai2015-1.pdf

Trump Regulation

86 Federal Register 1168 (1/7/2021)

- <https://www.regulations.gov/document/WHD-2020-0007-1801>

Compliance Chaos

Federal Tests

- FLSA Economic Reality
- IRS Test
- *Darden* Common Law Test

State Law Tests

- Wage & Hour
- Unemployment
- Workers' Comp
- EEO
- Tax

More than 100 Different Tests Could Apply

States Laws Adopting the IRS 20-Factor Test	
Alabama	Unemployment, Tax
Arizona	All
Arkansas	Tax
Connecticut	Tax
Delaware	Tax
District of Columbia	Tax
Florida	Tax, Wage & Hour
Georgia	Tax
Hawaii	Tax, Workers' Comp
Idaho	Tax
Illinois	Tax
Indiana	Tax
Iowa	Tax, Unemployment
Maryland	Tax
Massachusetts	Tax
Michigan	Tax, Unemployment
Minnesota	Tax
Mississippi	Tax
Missouri	Tax
Nebraska	Tax
New York	Tax, Unemployment
North Carolina	All except Workers' Comp
Pennsylvania	Unemployment, Wage &
Rhode Island	Tax
Tennessee	Unemployment, Tax
Texas	Tax
Utah	Tax
Virginia	Tax
West Virginia	Tax
Wisconsin	Tax

State Laws Adopting the Traditional ABC Test	
Alaska	Unemployment
Colorado	All (A&C prongs only)
Connecticut	Wage & Hour, Unemployment
Delaware	Unemployment
Hawaii	Unemployment (A&C prongs only)
Idaho	EEO, Unemployment, Wage Payment
Illinois	MW & OT (A&C prongs only), Unemployment
Indiana	MW & OT (A&C prongs only)
Kansas	Tax (A&C prongs only)
Maryland	Unemployment
Massachusetts	Unemployment, Wage Payment
Nebraska	Unemployment, Wage & Hour
New Hampshire	Unemployment
New Jersey	Unemployment (A&C prongs only)
New Mexico	Unemployment, Wage & Hour
Pennsylvania	Unemployment (A&C prongs only)
South Dakota	Unemployment, Tax, Wage
Utah	Unemployment (may also be A&C)
Vermont	Unemployment
Washington	Unemployment
West Virginia	Unemployment

State Laws Adopting the FLSA Economic Reality Test	
Alaska	Wage & Hour
District of Columbia	Wage & Hour
Florida	EEO, Wage & Hour
Illinois	MW & OT
Iowa	MW & OT
Louisiana	Unemployment
Michigan	EEO, Wage & Hour
Pennsylvania	Wage & Hour
Tennessee	Workers' Comp
Washington	Wage & Hour

State Laws Adopting Other Multi-Factor Conjunctive Test	
Alaska	Workers' Comp
Florida - Workers' Comp	Workers' Comp
Georgia - Unemployment, Workers' Comp	Workers' Comp
Louisiana - Workers' Comp	Workers' Comp
Maine - All	All
Michigan - Workers' Comp	Workers' Comp
Nevada - All (two alternative tests, including the traditional ABC test)	All
New Hampshire - Wage & Hour, Workers' Comp	Workers' Comp
Oregon - Unemployment, Tax, Workers' Comp	Workers' Comp
Texas - Workers' Comp	Workers' Comp
Utah - Workers' Comp	Workers' Comp
Vermont - Workers' Comp	Workers' Comp
Washington - Unemployment, Workers' Comp	Unemployment, Workers' Comp
West Virginia - Workers' Comp	Workers' Comp
Wisconsin - Unemployment, Workers' Comp	Unemployment, Workers' Comp
Wyoming - Unemployment, Workers' Comp	Unemployment, Workers' Comp

State Laws Adopting The Common Law "Control" Or Other Balancing Test	
Alabama	Common Law
Alaska	Workplace Safety
Arizona	All except Tax
Connecticut	EEO, Workers' Comp
Delaware -	EEO, Wage & Hour, Workers' Comp
District of Columbia	EEO, Unemployment, Workers' Comp
Florida	EEO, Unemployment
Hawaii	Workers' Comp
Idaho	Workers' Comp
Illinois	Workers' Comp
Indiana	Workers' Comp
Iowa	Wage Payment
Kansas	EEO, Unemployment, Wage Payment, Workers' Comp
Kentucky	EEO, Unemployment, Wage & Hour, Workers' Comp
Louisiana	EEO, Unemployment, Wage & Hour, Workers' Comp
Maryland	EEO, Wage Payment
Massachusetts	Wage & Hour, Workers' Comp
Michigan	EEO, Workers' Comp

State Laws Adopting The Common Law "Control" Or Other Balancing Test	
Minnesota	EEO, Unemployment, Wage & Hour, Workers' Compensation
Mississippi	Unemployment, Wage & Hour
Missouri	EEO, Wage & Hour, Workers' Comp
Montana	All
Nebraska	EEO, MW & OT, Workers' Comp
Nevada	Workers' Comp
New Jersey	EEO, Tax, Workers' Comp
New Mexico	Tax, Workers' Comp
New York	EEO, Unemployment, Wage & Hour, Workers' Comp
North Carolina	EEO, Unemployment, Wage & Hour, Workers' Comp
North Dakota	EEO, Tax, Unemployment, Workers' Comp
Ohio	EEO, Tax, Unemployment, Workers' Comp
Oklahoma	EEO, Wage & Hour
Oregon	Workers' Comp
Pennsylvania	Wage & Hour, Workers' Comp
Rhode Island	All
South Carolina	EEO
South Dakota	EEO
Texas	EEO
Vermont	EEO
Virginia	EEO
Washington	EEO
West Virginia	EEO
Wisconsin	EEO
Wyoming	EEO


States Adopting the Narrow ABC Test	
California	All
Massachusetts	Wage & Hour



Navigator Independent Contractor

- Determines employee or independent contractor status
- Draws from a proprietary engine of **1,900 reported court decisions** and DOL opinion letters
- Analyzes individual fact patterns under all applicable federal and state regulations
- Delivers an actionable risk assessment, a report on how to lower the risk of misclassification, a summary of applicable laws, and a transcript of questionnaire answers

Navigator IC



Independent Contractor Assessment

Delivers an actionable risk assessment, a report on how to lower the risk of misclassification, and a summary of applicable laws

[+ Create New Evaluation](#)[View Evaluations](#)[▶ IC Agreement](#)

The Questionnaire

Financial Details

What is the dollar value of this engagement?

Unknown because AAA Cleaning will be paid on an hourly basis for an undetermined amount

Select the option that best describes how AAA Cleaning will be paid by Littler Alumni:

Per hour

Will AAA Cleaning be paid out of the same payroll accounts as employees?

☐ Yes ☒ No

Who will bear the cost of any losses or damages caused by AAA Cleaning (for example, expenses exceeding the contract amount or the cost of replacing damaged equipment)?

☐ Littler Alumni ☒ AAA Cleaning

Other than not being paid, are there any [other economic risks](#) for AAA Cleaning to incur a loss?

☐ Yes ☒ No

Scheduling & Location

Will AAA Cleaning's work hours be set by Littler Alumni?

Yes, Littler Alumni will set specific hours for AAA Cleaning

Under the terms of engagement, how much control can Littler Alumni assert over the [order](#) of work in which AAA Cleaning will perform the work?

No control

Will Littler Alumni control where AAA Cleaning can perform the work under this engagement?

Yes, because the work cannot be performed elsewhere

Employee or Contractor?

Compliance **HR**

Your Navigator IC Report

Overall Risk Level



Under the facts provided, it is **moderately likely** that AAA Cleaning will be found to be an employee.

Compliance **HR**

RISK BY JURISDICTION

This report analyzes both Federal and State laws. The overall result above is the higher risk of the two. Below is a breakdown of each jurisdiction analyzed separately.

Federal



Under the facts provided, it is **moderately likely** that AAA Cleaning will be found to be an employee.

California



Under the facts provided, it is **moderately likely** that AAA Cleaning will be found to be an employee.

▲ Please take note that the risk analysis provided above offers a conservative result by taking into consideration the ABC test required under AB 5. This app does NOT consider if certain exceptions under AB 5 may counsel applying a less conservative test. If you believe this contractor may be able to qualify for one of the exceptions under the law, consider reaching out to [Littler's AB 5 Taskforce](#) for more information. See the Legal Summary below for more information regarding the various legal exceptions.

You have indicated that AAA Cleaning will be working in California. At least one of the legal tests for independent contractor status in California is an "ABC" or similar test, rather than a multi-factor balancing test. Under a traditional ABC test, for example, all of the following requirements must be met in order for AAA Cleaning to be regarded as an independent contractor:

- AAA Cleaning is free from control and direction by Littler Alumni;
- The services to be performed by AAA Cleaning are either outside the usual course of Littler Alumni's business or will be performed outside of Littler Alumni's place of business; and
- AAA Cleaning is customarily engaged in an independently established trade, occupation, profession or business.

Some states have fewer requirements (A & C, for example), and other states have additional or different requirements. The answers that you have provided indicate that AAA Cleaning is **moderately unlikely** to meet one or more of the required elements of the independent contractor test in California. For more information about each jurisdiction's test, please see the Summary of Independent Contractor Laws that is attached to the report as well as the Jurisdictional Risk Levels.

Compliance **HR**

LOWERING YOUR RISK

You may be able to lower your risk score by taking the following steps.

Continuing Working Relationship with the Company

Independent contractors generally do not have an ongoing relationship with the engaging company. Contractors are engaged to perform work on distinct projects for a specific period of time. In contrast, employees are typically hired for an indefinite time period. The longer the company's relationship with the contractor, the more risk that the contractor will be found to be a misclassified employee. Multiple or renewed agreements for the same work or the same project also is an indication that the contractor may be misclassified.

Littler Alumni may be able to reduce its risk score by: (1) entering a new contract for each distinct project, (2) ensuring previous engagements with AAA Cleaning were for different and distinct projects, and (3) limiting the length of its contracts to a year or less.

The Contractor's Economic Dependence on the Company

An independent contractor is not economically dependent on the engaging company; it operates independently of the engaging company. The success of the contractor's business is not dependent on its continued relationship with the company. An independent contractor's business will continue to exist independently of and apart from the contract, and will survive the termination of the contract. Littler Alumni may be able to reduce its risk score by ensuring that the dollar value of this engagement will not be a high percentage of AAA Cleaning's business.

Method of Payment

An employee is usually paid by the hour or on a salary basis. An independent contractor is usually paid a flat amount for the task, job or project. In other words, employees are paid based on the amount of time they work, while independent contractors are paid based on the results of their work. Also, while employees are paid from payroll accounts, independent

Questions?

Thank you!

Littler[®]

Compliance **HR**