

Plagiarism Scan Report

Summary

Report Generated Date	18 Mar, 2018
Plagiarism Status	100% Unique
Total Words	997
Total Characters	6031
Any Ignore Url Used	

Content Checked For Plagiarism:

In determining whether an employer is responsible for paying payroll taxes or withholding them the worker has to be classified as either an employee or an independent contractor. The classification of whether the worker is an employee or an independent contractor is done using the IRS 20-factor analysis. According to the factor test, the classification of the worker is mainly based on if the employer has the right to control or direct the working of the worker. Based on the information given in the instructions, several points can be debated on whether the sales people fall under the category of employees or independent contractors. However, considering the given information, the sales people are independent contractors.

To start with, the sales people cover five states although the business is in Midwest. This is a clear indication that there is no need for on-site services whereby, the salespeople would be expected to work from a designated site or premises. According to IRS 20 factor test, any work that does not require the worker to work from the business premises is termed as independent contraction (McMahon, 1992). In addition, the salespeople are paid on commissions, where their earnings are dependent on whether they exceed the set monthly sales quotas as determined by the company. In regards to the mode of payment, it is clear from the factor test that payment on commission is a characteristic of independent contractor association.

Secondly, it is clear from the information provided that at the time of joining the company, the workers are made to sign an agreement which states that they are not employees but independent contractors. Independent contractor can hire assistants at their own cost as stated in the 20 factor test. This qualifies the salespeople at the Midwest business to be independent contractors because they are allowed to hire assistants without any additional cost to the company. However, in this case, the sales people must seek approval from the company. It is clear from IRS that an independent contractor has control over hiring, supervising and the payment of his or her assistant. In addition, the agreement signed by the salespeople prohibits them from working for the company competitors but allows them to work for any other company that is not doing the same business as theirs. According to IRS 20 factor test, people who can be able to provide services to different unrelated organizations simultaneously qualify to be considered as independent contractors.

Additionally, the salespeople at the Midwest business are independent contractors because they cater for their expenses such as food, travel and lodging. It is clear from the factor test that an independent contractor worker bears the cost of his or her business expenses or travels although most of them set their fees on high in order to cover the costs. However, the workers in our scenario have access to cubicles at the main office and they can also use

laptops and cell phones, only for convenience purpose because according to IRS, they are not required to use equipments and facilities of the company. Actually, IRS indicates that independent contractors spend on, acquire and maintain their personal work facilities but employees depend on the employer in providing all the working facilities.

According to IRS 20 factor test, being an independent contractor means that your activities are personal and the contract signed between you and the company is clear that the contractor can only benefit from what he or she has worked for. In regards to that point, it is therefore evident that independent contractors do not receive benefits like vacations, sick leave and holidays from the company. Their flexibility of schedule can allow one to plan for his or her own holiday or vacation. In addition, when an independent contractor falls sick, he or she does not need to apply for a sick leave from the employer. The worker can plan his or her time and decide on how to work. Interestingly, the relationship between the worker and the employer is not permanent and the sequence of work is not determined by the company. It is only in employment where the company would expect work to be performed in a specific sequence or order. Furthermore, independent contractors earn their full payments after the period agreed upon in their agreement with the employer. There are no payroll taxes or any deductions withheld from their checks. In this case, the worker is not the employer's liability and because he or she is paid by the job done, they are supposed to pay for their deductions independently.

From the information in the instructions, there is a contradicting point of debate. Although the salespeople are not employees of the company, they can sue the company if they are injured while performing their duties. To avoid a scenario where the company could be sued, the employer includes them in the workers' compensation insurance, but as employees. Nevertheless, this does not guarantee the salespeople to be employees but it is a way of the employer transferring the risk that may occur to his company in case one is injured to the insurance company.

Another reason why the sales people should be considered independent contractors is that they are not required to report the time they spent at work each month. As revealed in IRS factor test, workers who are expected to report regularly on the hours they have spent at work are employees because their earnings are predetermined and the employer would want to account for all the money paid to the workers. This is because it is through service that profits and losses are realized. However, despite the fact that they are not required to report the time they worked in a particular month, the salespeople are expected to meet or go beyond sales quotas with complete reports indicating the clients contacted, follow up calls and related information as they document their activities. All this is done in the idea of realizing profits.