



FOR ORGANIZATIONS AND SMALL BUSINESS OWNERS

Worker Classification Quick Checklist

A plain-language tool to help you think through whether a worker is properly treated as a 1099 contractor or a W-2 employee. Misclassification is one of the most common and costly compliance gaps.

Behavioral control (how the work is done)

- Does the worker control how and when they do the work?
More independence points toward contractor status.
- Do you provide detailed instructions, training, or set hours?
- Do you evaluate the method of work, not just the result?

Financial control (the business side)

- Does the worker have unreimbursed business expenses?
- Does the worker offer services to other clients?
Working for multiple clients supports contractor status.
- Does the worker invoice and risk profit or loss?
- Do you provide tools, equipment, or a dedicated workspace?

Relationship of the parties

- Is there a written agreement describing the relationship?
- Is the work ongoing and central to your business?
Indefinite, core-function work leans toward employee status.
- Do you provide employee-type benefits?

Compliance housekeeping

- W-9 collected for every contractor before payment
- 1099-NEC issued for qualifying contractor payments
- State rules reviewed, not just federal
Some states apply a stricter ABC test for classification.
- Classification decisions documented and consistent

This checklist is general guidance, not legal or tax advice. Classification depends on the full facts and on federal and state rules. Consult a qualified professional before deciding.

Not sure how to classify a role?

We help organizations make clear, defensible people decisions. For strategic HR leadership and compliance support, visit onestoppeoplesolutions.com or call (919) 801-8974.