

## The Twenty Common Law Factors of a Perfect Independent Contractor Relationship are:

- **No Instructions.** Independent contractors are not required to follow, nor are they furnished with, instructions to accomplish a job.
- **No Training.** Independent contractors typically do not receive training by the hiring firm. They use their own methods to accomplish the work.
- **Others can be hired.** Independent contractors are hired to provide a result and usually have the right to hire others to do the actual work.
- **Independent contractor's work not essential.** A company's success or continuation should not depend on the service of outside independent contractors. An example violating this would be a law firm which called their lawyers independent contractors.
- **No time clock.** Independent contractors set their own work hours.
- **No permanent relationship.** Usually independent contractors don't have a continuing relationship with a hiring company. The relationship can be frequent, but it must be at irregular intervals, on call, or whenever work is available.
- **Independent contractors control their own workers.** Independent contractors shouldn't hire, supervise, or pay assistants at the direction of the hiring company. If assistants are hired, it should be at the independent contractor's sole discretion.
- **Other jobs.** Independent contractors should have enough time available to pursue other gainful work.
- **Location.** Independent contractors control where they work. If they work on the premises of the hiring company, it is not under that company's direction or supervision.
- **Order of work.** Independent contractors determine the order and sequence in which they will perform their work.
- **No interim reports.** Independent contractors are hired for the final result only. They should not be asked for progress or interim reports.
- **No hourly pay.** Independent contractors are paid by the job, not by time. Payment by the job can include periodic payments based on a percentage of job completed. Payment can be based on the number of hours needed to do the job times a fixed hourly rate. Payment method should be determined before the job commences.
- **Multiple Firms.** Independent contractors often work for more than one firm at a time.
- **Business expenses.** Independent contractors are generally responsible for their own business expenses.
- **Own tools.** Independent contractors usually furnish their own tools. Some hiring firms have leased equipment to their independent contractors so that they could show the independent contractor had their own tools and an investment in their business. This strategy won't work if the lease is for a nominal amount or can be voided by the hiring firm at will. The lease must be equivalent to what an independent business person could have obtained in the open market.
- **Significant investment.** Independent contractors should be able to perform their services without the hiring company's facilities (equipment, office furniture, machinery, etc.). The independent contractor's investment in his trade must be real, essential, and adequate.
- **Services available to the public.** Independent contractors make their services available to the general public by one or more of the following:
  - 1) having an office and assistants;
  - 2) having business signs;
  - 3) having a business license;
  - 4) listing their services in a business directory; or
  - 5) advertising their services.