

The Do's and Don'ts for Using Independent Contractors

| CATEGORY | THE DO'S | THE DON'TS |
|--------------------|--|--|
| THE CONTRACT | <p>Do protect yourself—Have a written, bulletproof agreement that defines all aspects of the job.</p> | <p>Don't set the terms of the assignment and "hire" the contractor until you are sure the work and contractor qualify for IC tax status.</p> |
| DEFINING THE JOB | <p>Do have an agreed upon, clearly defined and specific end result in the contract.</p> <p>Do define when the job is completed in the contract. (You should be contracting for a finished product or result, not just for the contractor's time.)</p> | <p>Don't engage the contractor month after month, doing one job after another.</p> <p>Don't change the specifications while the job is in progress without a change order for the contract.</p> <p>Don't promise to make the contractor an employee sometime in the future "If it works out..."</p> |
| DURING THE PROJECT | <p>Do make it clear to all parties that the contractor is an Independent Contractor, not your employee (Especially to your own managers).</p> <p>Do manage the deliverables, not when or where the work is done.</p> <p>Do track the project's progress to insure it stays on track.</p> <p>Do track the project spend to ensure it stays on budget.</p> | <p>Don't require the contractor to attend routine employee meetings.</p> <p>Don't allow the contractor to supervise, or assign work to, your employees.</p> <p>Don't assign the same, or similar, work to the contractor you do your employees.</p> <p>Don't assign miscellaneous jobs to the contractor as you would your employees.</p> <p>Don't provide fringe benefits to a contractor.</p> |
| END OF PROJECT | <p>Do document the end of project and properly "Off Board" your contractor.</p> | <p>Don't continue to engage the contractor after the job is completed with other "Make Work" or "After Project" tasks.</p> |

