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Key points when hiring contractors

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In order to save time and manpower, a company will often hire an independent contractor to help complete a project.

Generally, an independent contractor is not considered an employee. But if the company exerts too much control over the contractor, the person or firm could be considered one.

That makes the hiring company liable for the contractor's taxes and job-related injuries.

The courts have considered several factors in deciding whether a worker is an independent contractor or an employee. Among the conclusions:

- A contractor will generally decide when, where and how to work.
- A contractor generally decides what order or sequence to follow, what tools or equipment to use and where to order supplies.
- A contractor determines the extent to which he, she or the contracting firm can realize a profit or loss.
- An independent contractor is allowed to work for multiple clients simultaneously.

Any company that wishes to hire a contractor should have a written agreement that addresses these issues.

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