

Independent Contractor Status Disclaimer

The status of a person as an Independent Contractor – IC (and payment to this person by way of an IRS 1099 form or other non-employee payments) is regulated by the US Department of Labor, Indiana Law, the IRS and Worker’s Compensation statutes.

Independent Contractor status is integral to the discussion of Worker’s Compensation coverage and the following information is provided for educational purposes and should not be construed to be advice or complete in scope or nature.

The key to determining IC status is the word “independent”. An IC must perform their work independent of the employer and not be economically dependent on the employer for work. A few examples of the “test” of IC status is as follows:

An IC:

- Is free to work for whom and when they choose.
- Usually works for more than one firm at a time.
- May offer their services to the general public.
- Is paid by the job (not hourly, daily, etc.)
- Does not work set hours.
- Furnishes their own tools and / or materials.
- May experience additional profit or have losses based on the situation & their skills and efforts.

If you have significant control over someone doing work for or with you, they are most likely an employee.

If you pay someone as an IC, it may later be determined that they were an employee (after an accidental injury, firing or they become disgruntled and report you). If this happens, you can be subject to the following:

- Past unemployment insurance payment and / or other taxes to the State of Indiana.
- Back taxes and penalties from the IRS.
- Worker’s Compensation fines (up to \$10,000).
- Up to double Worker’s Compensation that would have been provided under the act.
- The employee’s medical expenses.
- Reasonable attorney’s fees
- Your business shut down until you secure Worker’s Compensation coverage (which may be difficult and /or extra expensive) due to your past non-compliance.

I have read this disclaimer, hold harmless The PROES Group, Inc. its affiliates, subsidiaries, employees, and agents from my decisions and assume all consequences of paying wages to anyone as an independent contractor.

Name

Signature

Date

The PROES Group, Inc. (and any related company) is not in the business of offering or providing legal, tax or related advice and this form should not be construed as providing any advice or instruction.