

# Research

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The classification of a worker as an independent contractor or an employee has major tax consequences. These consequences touch on tax requirements, the ability to omit certain types of compensation and tax deductions on some expenses. Some of these issues favor independent contractors while others favor employees. Misclassification of a worker results in significant tax consequences. These consequences include liability for concealing taxes for the service recipient and liability for business related deductions and self-employment taxes for the worker (Brennan, and Todd 36).

A facts and circumstances test aimed at establishing whether a worker is subject to the control of the recipient of the service is the most appropriate test used to distinguish between an employee and an independent contractor. This control is not only based on the nature of work, but also the circumstances the service is undertaken. Although this distinction is sometimes set out by statute the most effective method of testing control is using the 20 factor test developed by the IRS. The level and significance of each factor in the test differs depending on the job and the context in which the services are rendered. The 20 factor test takes into consideration factors which include training provided, work instructions, delegation of responsibility, nature of relationship, mode of payment, working time and the termination of the relationship. The underlying principle of the 20 factors covered by the test is the determination of the level of control. Where control is established through the use of these factors, then the relationship is an employer/employee relationship and lack of control signifies an independent contractor relationship (Wears, and Sandra 164).

A civil servant, for instance, is required by the employer to adhere to instructions regarding where, when and how the work is to be done. The <https://assignbuster.com/research-essay-samples-5/>

training, especially job related training, is provided by the employer and the service provided by the civil servant is integrated into the employers operations. A civil servant is also required to render his services personally and where assistants are employed these are controlled by the employer and not the civil servant. The worker also enjoys a continued relationship with the employer and the employer sets out the times the worker is required to work. Civil servants are also required to be full time employees who work from the employer's premises and follow an order of work provided by the employer. Civil servants are often paid on a monthly basis and are required to provide reports to the employer as well as utilize tools and materials provided by the employer. The facilities where the services are rendered are the employer's investment and any expenses incurred by the civil servant in the performance of his duties are reimbursed by the employer. Furthermore, a civil servant cannot work for more than one entity and neither can he provide his services to the general public but only to the employer. A civil servant can also be dismissed by the employer and when the services are terminated the worker is not likely to face any liabilities.

### Conclusion

From the analysis of a civil servant, it is imperative that a civil servant is primarily controlled by his employer. This existence of control positions a civil servant as an employee as opposed to an independent contractor (Wears, and Sandra 167). The 20 factor test clearly stipulates that where control is established using the factors of the test, then the relationship is an employee/employer relationship, therefore, a civil servant is an employee.

### Work cited

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