Independent Contractor

An independent contractor is an individual who provides services to Stetson University and is not an employee. More specifically, it is a worker who: (a) is engaged in an independently established profession or business; (b) provides a service outside of the University’s usual course of business; (c) and is free from the University’s control or direction when providing services. Compensation paid to Independent Contractors is reported to the IRS on form 1099-Misc rather than the W2. The criteria for determining whether a worker is an independent contractor are discussed below.

Criteria for Identifying Independent Contractors

United States federal and state law requires the University to properly classify its workers – as either employees or independent contractors. An independent contractor is an individual who meets all of the following criteria:

- renders a service to the University for a specified payment amount for a specified result;
- is engaged in an independently established profession or business (namely, offers similar services to the general public on a consistent basis);
- provides a service outside of the University’s usual course of business;
- is not currently paid through University Payroll and has not been paid through Payroll within the current calendar year;
- provides services through a written contract (namely, the University's Independent Contractor Agreement or another University-approved form of agreement, e.g. Speaker Agreement) and
- is free from University control or direction when providing services.

The Independent Contractor Checklist is a tool that can help you make these determinations.

Required Procedure: How to Identify and Engage an Independent Contractor (IC)

The following procedure is required and includes all the steps a department must take in order to properly identify and engage an independent contractor. At any time during this process, the department should consult with Nita Ellis, (nellis@stetson.edu), Finance Office - Unit #8318, if they need help determining whether to hire the service provider as an independent contractor.

1. The department completes the Independent Contractor Checklist.
2. After completion of the Independent Contractor Checklist, if the form indicates the service provider is an Independent Contractor, the department forwards the service provider the appropriate Independent Contractor Agreement. On the other hand, if the form indicates the provider should be treated as an employee, the department should contact Chris Chellberg, ph. 386-822-2535 in the Office of Human Resources for assistance.

Students Employed by the University - Students employed by the University (Federal work-study, cash labor, or GA) cannot be paid as independent contractors. Example: A Graduate Assistant in the School of Business plays in a musical combo for a reception on campus. Contact Student Payroll (payroll@stetson.edu) to determine the payment method for the additional services performed by these individuals.

Paying Foreign Nationals and International parties as Independent Contractors for services performed in the United States:

To ensure compliance with IRS regulations, prior to engaging a foreign national for services, the University must analyze the foreign national’s eligibility to work in the U.S. and residency status for tax purposes. Please contact John Kraus, Controller (jkraus@stetson.edu)

September 2014