

## **Employee or Consultant**

The rules affecting the classification status of the person, who performs services for you or for your organization, whether he or she is an employee or a consultant, are defined by the Internal Revenue Service. It is very important that you comply with these rules. Failure to do so can be very costly, and in some instances, has resulted in imprisonment.

If such person is deemed to be an employee, you as the employer are mandated to provide:

- Workmens' Compensation Insurance
- Unemployment Insurance
- Disability Insurance
- A portion of the person's Social Security taxes
- A portion of the person's Medicare taxes

It is your responsibility to insist that the rules are followed.

You may consult us for advice in this matter.

For a detailed listing of the requirements see Publication 1779 of the Internal Revenue Service (IRS).