



MISCLASSIFICATION

Did your employer pay you as a contractor?

If you were paid as a contractor but were really an employee, you were "misclassified." You may have paid TOO MUCH in taxes.

EMPLOYEE OR CONTRACTOR?

DID YOU WORK AS AN EMPLOYEE?

If you were paid as an employee, you got a W-2 to report your wages. Your employer took 7.6% of your pay for Social Security and Medicare taxes.

DID YOU WORK AS AN INDEPENDENT CONTRACTOR?

If so, you got a 1099 to report your wages. You had to pay the IRS 15.3% of your pay for Social Security and Medicare taxes. (That's 2 times more than employees!)

HOW DO I KNOW IF I WAS PAID AS A CONTRACTOR?

"No" answers mean you were paid as a contractor?		
Did your employer have to...	yes	no
pay you overtime?		
provide healthcare benefits?		
deduct taxes from your pay?		
Were you eligible for...		
Workers compensation?		
Unemployment benefits?		

IF I WAS PAID AS A CONTRACTOR, COULD I STILL BE AN EMPLOYEE?

Yes. Many employers classify employees as contractors. Doing so makes it easier and cheaper for the employers.

HOW DO I KNOW IF I AM REALLY AN EMPLOYEE?

You are probably an employee if:

- **Control.** Your employer controls how and where you do your work.
- **Skills.** You were trained on the job.
- **Other jobs.** Your employer does not want you to have other jobs while you do this job.
- **Period of work.** Your job does not have a *specific* end date.

Important! Even if your contract with the employer says you are an independent contractor, you may still be an employee.

"Misclassified" workers end up paying 15.3% of their wages in Social Security and Medicare tax, instead of the 7.6% regular employees are supposed to pay.

Questions

Contractors pay more taxes than employees. But many contractors are really employees.

Our Low-Income Taxpayer Clinic can help you decide if you should be an employee. We can also help you take your case to the IRS.

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