



Contract Labor vs Employer Guidelines

Description	Independent Contractor	Employer - Employee Relationship
Location of Services	Ordinarily work where they choose	Right to mandate where services are performed
Hours Worked	Master of own time & works the days and hours they choose	Hours worked are set by employer for employee
Continued Relationship	Hired to do one job of limited or indefinite duration and has no expectation of continuing work	Employee often continues to work for the same employer month after month or year after year
Payment of Services	Usually paid by a flat fee for the job; or in some cases an hourly rate	Generally guaranteed a regular wage amount for an hourly, weekly, or other period of time - Show up on payroll records
Benefit Package	Not eligible to participate in employer sponsored benefit programs	Eligible to participate in employer sponsored benefit plans i.e. health insurance, retirement plans, etc.
Reimbursed Expenses	Pay their own business & travel expenses without reimbursement	Business and travel expenses are either paid directly or reimbursed by the employer
Tools & Equipment	Provides all of the tools & equipment necessary to complete the job	Furnished all necessary tools, materials, & equipment
Direction	Does job their own way with few, if any, specific instructions as to the details or methods of the work.	Receives instructions about when, where & how work is performed
Training	Uses own methods; thus need not receive training for services	Trained by employer; required to attend meetings, or training courses
Investment	True Independent Contractors usually have a substantial financial investment in their independent business	Employee generally has little or no investment in the business. Instead, an Employee is economically dependent on the employer
Work Comp Insurance	Needs to provide hiring firm a Certificate of Insurance as proof of having this coverage	Provided for the employees under SD Statute