

Dixie State University Policy

207 Independent Contractors



- I. Purpose
- II. Scope
- III. Definitions
- IV. Policy
- V. References
- VI. Procedures
- VII. Addenda

I. Purpose

- 1.1 To ensure University payments for compensation of services rendered by individuals who are not DSU employees (independent contractors) are handled in a manner consistent with Internal Revenue Service (IRS) guidelines to avoid misclassification, resulting in additional taxes and penalties imposed on the University.

II. Scope

- 2.1 This policy applies to all University representatives including trustees, officers, faculty, staff, students, and other persons involved in the conduct of University business.

III. Definitions

- 3.1 ***Employee Relationship:*** A relationship between an employee, and/or an individual providing services, and the University exists when the University has the right to supervise and control the way the work is performed, as well as the result of the service (among other criteria as defined by the IRS).
- 3.2 ***Form 1099, Miscellaneous Income:*** An IRS form used to report payments made in the course of a trade or business to a person who is not an employee and/or to an unincorporated business.
- 3.3 ***Form I-9, Employment Eligibility Verification:*** An IRS form required to verify the identity and employment authorization of individuals hired for employment in the United States.
- 3.4 ***Form W-4, Employee's Withholding Allowance Certificate:*** An IRS form required for recording the name, address, and Taxpayer Identification Number

for employees.

- 3.5 ***Form W-9, Request for Taxpayer Identification Number (TIN) and Certification:*** An IRS form required for certifying basic taxpayer information, including a business and/or owner name, address, entity type and Taxpayer Identification Number.
- 3.6 ***Independent Contractor Relationship:*** An independent contractor relationship exists between the University and a service provider when the University can only exercise its right as to the result of the service, not how or by whom the work is performed.
- 3.7 ***Workers' Compensation Coverage:*** A form of insurance covering work-related injuries.

IV. Policy

- 4.1 Requests for payment of extra or contracted services will be submitted once the service is complete.
- 4.2 All persons or companies who provide services will be required to file a *Form W-9* with the University prior to receiving payment.
- 4.3 Independent contractors may submit proof of their own Workers' Compensation coverage or waiver, or the University will pay the applicable premium to the University's carrier on their behalf.

V. References

- 5.1 DSU Policy 310: Part-Time Employment
- 5.2 IRS *Form SS-8*: <https://www.irs.gov/pub/irs-pdf/fss8.pdf>
- 5.3 IRS Publication 15: <https://www.irs.gov/pub/irs-pdf/p15.pdf>
- 5.4 Utah Labor Commission: <https://laborcommission.utah.gov/>

VI. Procedures

- 6.1 Requests for payments to individuals that fit within this policy will be submitted to the Payroll Office for review.
- 6.2 Payroll staff will review the forms to determine if the individual will be classified an employee or independent contractor using the completed request form and IRS classification criteria to determine worker status.

- 6.2.1 Budget administrators who disagree with the classification of the payment as an employee or an independent contractor may, in writing, request a review from the Executive Director of Business Services before the payment is made.
- 6.2.2 The University's classification is subject to final determination by the appropriate governmental agency. IRS *Form SS-8* may be used by the individual or the University to request a formal determination if needed.
- 6.3 Requests for payments to independent contractors will be accompanied by an IRS *Form W-9* unless already on file. It is the responsibility of the budget administrator to ensure the *Form W-9* is included with the payment request or submitted to the Business Services Office.
- 6.4 Independent contractors who do not have a Workers' Compensation Certificate of Coverage or a Workers' Compensation Coverage Waiver will be covered by the University policy. Independent contractors who carry their own Workers' Compensation policy may submit their certificate of insurance or certificate of waiver to avoid the department being charged for coverage. If a certificate does not accompany the payment request, coverage will be billed to the index code(s) provided on the payment request form.
- 6.5 Independent contractors will receive an IRS *Form 1099* according to IRS regulations.
- 6.6 If an individual is deemed to be an employee, the budget administrator will secure employee paperwork as required by Human Resources procedures and guidelines as established.

VII. Addenda

- 7.1 Requests for payments to individuals that fit within this policy will be submitted to the Payroll Office on a "Contracted or Extra Services Payment Request Form." "The Contracted or Extra Services Payment Request Form" is available in the Business Services office upon request.
- 7.2 Requests determined not to be for employee wages will be forwarded by the Payroll Office to the Accounts Payable Office for payment.

Policy Owner: VP Administrative Affairs

Policy Steward: Executive Director of Business Services

History:
Approved 6/6/97
Revised 09/27/2019