



General Information for Units:

- This worksheet is for use by the unit only. Do NOT submit this worksheet to the service provider.
- Included with this worksheet are:
 1. Conflict of Interest determination
 2. Cornell employment history
 3. Details for the “IRS 20 Factor Test”, which is designed to assist the unit in evaluating the relationship between Cornell and the service provider
- Complete this worksheet only after the service provider has returned the Service Provider Questionnaire.
- Submit this worksheet to your BSC for attachment to the purchase order.

Name of service provider being evaluated: _____

Name of Cornell employee completing this worksheet: _____

Unit or BSC: _____ E-mail: _____

Date of completion: _____

1. Conflict of Interest Determination

Did the service provider answer “Yes” to question number 3 on the Service Provider Questionnaire?
Yes No

If yes, see the University Policy, 4.14, Conflicts of Interest and Commitment (Excluding Financial Conflict of Interest Related to Research) and resolve conflict prior to proceeding.

2. Cornell Employment History

Did the service provider answer “Yes” to question number 4 on the Service Provider Questionnaire?
Yes No

If yes, pay the service provider through Payroll. Questions: Contact the Tax Manager in the Division of Financial Affairs at tax@cornell.edu.

3. IRS 20 Factor Test

Service provider classification is based on facts and circumstances; no one fact determines service provider classification. The IRS currently emphasizes three broad categories: behavioral control, financial control, and the overall relationship. These are discussed in section 701 of the Buying Manual. These categories are directly related to the “20-Factor Test”, which is described in IRS Revenue Ruling 87-41.

Please refer to the Service Provider Questionnaire as you answer the questions on the following pages. If you have any questions, please contact the Tax Manager at tax@cornell.edu.



IRS Common Law Guidelines

Behavioral Control: (Check all that apply)

	Yes	Generally Indicates Employee Classification	No	Generally Indicates Independent Contractor Classification
1. Will you provide instruction about when, where, and how the work is to be done?		Complies with the unit's Instructions.		Determines own schedule, location, and tasks.
2. Will you provide training to the individual?		Trained by Cornell.		Responsible for own training.
3. Will you require the individual to perform the services personally?		Must be performed personally.		Can be performed by his/her employees or subcontractors.
4. Will Cornell establish the hours of work?		Cornell sets the hours.		Responsible for his/her own schedule.
5. Will Cornell require the services full-time during the duration of the contract?		Cornell requires full-time commitment.		Can work for others during period of the contract.
6. Will the work be performed on Cornell's premises?		Performed at Cornell.		Performed at the individual's place of business
7. Will Cornell require progress reports on a regular basis?		Cornell requires reports.		Reports are not required unless stipulated in contract.

Financial Control: (Check all that apply)

	Yes	Generally Indicates Employee Classification	No	Generally Indicates Independent Contractor Classification
8. Will the contract be based on an hourly, weekly, or monthly rate?		Cornell pays on an hourly, weekly, or monthly basis.		Cornell pays per project.
9. Will Cornell pay the worker's business and/or traveling expenses?		Cornell pays the business and traveling expenses		Responsible for all expenses and can maximize profit by managing costs.
10. Will Cornell furnish any of the following: office space, equipment, materials, tools, and/or supplies?		Cornell furnishes equipment, materials, tools, and/or supplies.		Individual furnishes everything.
11. Is the service provider's principle place of business a "home office"?		Works at home.		Rents office space at fair market value from an unrelated party and/or has employees as a workforce for his/her projects. Has significant investment in business.

Relationship: (Check all that apply)

	Yes	Generally Indicates Employee Classification	No	Generally Indicates Independent Contractor Classification
12. Will the vendor be providing services only to Cornell?		Works for only one firm at a time.		Performs services for multiple unrelated customers at the same time.
13. Does the service provider make his/her services known to the public primarily through word of mouth?		Makes his/her services known by word of mouth.		Advertises his/her business in publications, yellow pages, web, etc.
14. Does Cornell have the right to discharge the worker?		Cornell has the right to discharge.		Cannot be fired if he/she produces a result based on the specifications of the contract.
15. Does the individual have the right to end his/her relationship with Cornell at any time without incurring liability?		The individual can terminate at any time.		The service provider incurs liability for non-delivery.
16. Does Cornell anticipate a continuing relationship?		Cornell anticipates a continuing relationship.		A continuing relationship is not anticipated. Projects will be awarded only when the need arises, and will be based on bids and specifications
17. Will you integrate the worker's services into your daily operations by providing email, an office, and requiring attendance at meetings?		Integrated into unit		Independent of unit activities.

TOTAL _____



Scoring:

If “Yes” responses equal 10 or more, service provider is an employee, pay through Payroll.

If “No” responses equal 10 or more, service provider is an independent contractor, complete vendor registration, purchase order, and contract process.

If either “Yes” or “No” responses equal 8 or 9, contact the Tax Manager at tax@cornell.edu.

IRS Guidelines for Classifying Service Providers

The factors contained in the IRS “20-Factor Test” are described below. An independent contractor generally:

- Sets the sequence of tasks needed to accomplish the work. The university has no right to set this sequence
- Is subject to the instructions outlined in the contract, but is not instructed by the university about when, where, and how to work
- Furnishes his/her own tools, materials, and the like
- May hire and supervise others to assist in the completion of the work. The decision to hire assistants is within the control of the independent contractor and in no way affects his/her remuneration
- Bears all business expenses associated with the performance of the work, including insurance, travel, meals and lodging
- Is in a position to realize a profit or suffer a loss as a result of his/her services

Note: A service provider paid by the hour is not in a position to realize a profit or loss; he/she is merely compensated for time and effort. If the service provider is subject to a real risk of economic loss due to significant investments or a bona fide liability for expenses, such as salary payments to unrelated employees, these factors indicate the service provider is an independent contractor.

- Cannot be discharged if the contract specifications are being met
- Cannot terminate the service contract with the university without incurring a liability
- Makes his/her services available to the general public (outside the university community). This may include holding a business license, advertising a service, or providing a listing of his/her business telephone
- Is not providing services that become integrated into the day-to-day operations of the university
- Is free to work when, for whom, and for as many firms as he/she chooses and is not required to work full-time for any one employer. There should be no agreement of exclusivity with the hiring firm
- Chooses working hours at his/her discretion. When the work is performed on university premises, the independent contractor may be required to function within certain hours, but need not be present at any specific time
- Is paid a fixed fee
- Does not have a continuing relationship with the university. Services may be considered continuing although they are performed at irregular intervals, on a part-time basis, seasonally, or over a short-term
- Is not required to work on university premises
- Is not subject to training by the university and uses his/her own methods to accomplish the work