



MEMORANDUM

Date: October , 2013

To: Facility Personnel Responsible for Contracting Services

From: Nicola McClymont
Human Resources Director

Re: Independent Contractors

The Southeastern Conference of Seventh-day Adventists (“Conference”) has adopted new procedures that apply to any facility that desires to contract for supplemental services from independent contractors rather than employees.

A Conference facility desiring to use any independent contractor must follow Conference approval and contracting procedures prior to the start of any work or performance of services.

Procedures

Step 1: Compete the Employee/Independent Contractor Classification Checklist (“Checklist”)

The IRS has provided a list of 20 factors to assist in determining if the worker is an employee or an independent contractor. The questions set forth in the attached Employee/Independent Contractor Classification Checklist cover these factors.

Facility personnel responsible for contracting for services must compete and submit the Checklist to the Conference’s Human Resources Department before the contractor provides services to the facility.

If the facility has any independent contractor agreements currently in effect, please complete the checklist for each contractor and provide (i) the completed checklist and (ii) a copy of the Independent Contractor Agreement to the Conference’s Human Resources Department.

Step 2: Obtain Approval Of Proposed Independent Contractor Classification

To avoid misclassifications which could result in legal liability to the Conference and the facility, Facility personnel responsible for contracting for services at its location shall consult with Human Resources in advance to determine whether a worker should be classified as an independent contractor or employee.

Step 3: IRS Form W-9

If the Conference determines that the worker is an independent contractor, the Facility must have the contractor complete Form W-9, Request for Taxpayer Identification Number and Certification (see attached sample). This form can be used to request the correct name and Taxpayer Identification Number, or TIN, of the worker. A TIN may be either a Social Security Number (SSN), or an Employer Identification Number (EIN). A copy of the completed W-9 shall be sent to the Conference. A copy of the W-9 should be kept in the Facility's and Conference's files for four years for future reference in case of any questions from the worker or the IRS.

Step 4: Preparation and Execution of Independent Contractor Agreement

The Conference will prepare and provide the Facility with an Independent Contractor Agreement for the services to be provided to the Facility. The Facility is responsible for providing the Conference with a fully executed copy of the Agreement before commencement of services.

Step 5: IRS Form 1099-MISC

If the Facility pays an independent contractor \$600 or more for services provided during the year, a Form 1099-MISC (see attached sample) must be completed. A copy of 1099-MISC must be provided to the independent contractor by January 31 of the year following payment to the Contractor. The Facility must also send a copy of this form to the IRS by February 28.

Independent contractors may have their own employees or may hire other independent contractors (subcontractors). In either case, the Conference's Independent Contractor Agreement makes contractors be aware of their tax responsibilities, including filing and reporting requirements, for these workers.

There are certain situations where a 1099 is not required. These exceptions are listed in the 1099 Instructions.

Attached is an Independent Contactor Designation Checklist that may be used to ensure that Facilities comply with the procedures set forth above.

Please contact me if you have any questions regarding the procedures and form documents.