

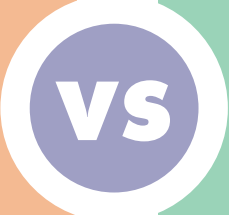
Employee vs Independent Contractor

Do you know the difference?

It's confusing, right? Do you classify your new hire as a W-2 employee and pay taxes on him or do you classify him as a 1099 and "save money" on your payroll taxes. If you misclassify and get caught, you'll pay more in penalties than you did in "saving money."

EMPLOYEE

Anyone who performs services for you if you can control what will be done and how it will be done, even with freedom of action. What matters is that you have the right to control the details of how the services are performed and who performs them.



CONTRACTOR

An individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done, how it will be done, and who will do it.

The Pro's & Con's

WORKER:

- Federal and state required benefits
- Employee protections
- Pay consistency

EMPLOYER:

- Control over work performance
- Consistent availability
- Less repetitive training

WORKER:

- Charges per job - earnings per hour can be higher
- Tax deductible expenses

EMPLOYER:

- Reduced overhead costs
- Reduced payroll taxes
- Reduced workers' comp premiums

WORKER:

- Typically earn less per hour than contractors.
- Hours are set by the employer.

EMPLOYER:

- Higher overhead costs due to benefits and taxes.
- Consistent pay required, even during business lulls.

WORKER:

- No guarantee of consistent work
- Responsible for paying taxes
- No benefits

EMPLOYER:

- Only can control job result.
- Pricing can vary by contractor.
- Hours cannot be controlled.

Employee vs Independent Contractor

Do you know the difference?



What's the difference?



EMPLOYEE

The employer has the right to require the worker to comply with the employer's instructions.



INSTRUCTIONS

The worker can be required to attend training as to how the work is done.



TRAINING

The services performed by the worker integrates into the normal operations of the business.



INTEGRATION

The employer requires that the worker themselves perform the services



PERSONAL SERVICE

The employer hires, pays, and supervises assistants for the worker.



HIRING, PAYING, & SUPERVISING

The employer and the worker maintain an ongoing and continuous relationship.



CONTINUING RELATIONSHIP

The worker has established regular hours for work set by the employer.



SET HOURS

The worker is required to work full-time for the employer



FULL-TIME

The services performed by the worker are performed in facilities controlled by the employer.



ON-PREMISES

The worker performs tasks in the order that the employer specifies.

1 → 2 → 3

SEQUENCE TEST

CONTRACTOR

The worker relies on his/her knowledge and skills to complete the job.

The worker is allowed to rely on his/her skills without provided training by the employer.

The worker's job falls outside of the normal course of business.

The worker can substitute another person at their behest.

The worker may hire, pay, and supervise his/her own assistants.

The worker is able to perform his/her services as needed, rather than on a regular basis.

The worker can set his/her own hours.

The worker cannot be required to work full-time.

The worker is able to complete the services away from the physical premises.

The worker can use his/her own method to complete the work.

Employee vs Independent Contractor

Do you know the difference?



What's the difference?



EMPLOYEE

The worker must submit reports either verbally or in writing on a regular basis.

The work is paid by a time unit (Hour/day/week/etc.) or is salaried.

The employer pays the expenses for the worker.

Tools and equipment are provided to the worker

The worker does not have a financial interest in the business.

The worker does not make a profit or a loss in addition to his/her normal pay.

The worker performs the same service for a single employer.

The worker does not make his/her services available to the general public.

The worker is able to be formally fired by the employer.

The worker is free to quit work at the employer at any time.



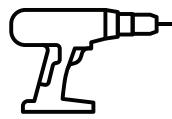
REPORTING



PAYMENT



EXPENSES



TOOLS



INVESTMENT



PROFIT/LOSS



ONE EMPLOYER



AVAILABILITY



DISCHARGE



TERMINATION

CONTRACTOR

The worker only reports on job completion.

The worker is paid either once the job is completed, or in phases.

The worker is required to pay his/her own expenses while performing the job.

The worker is required to provide his/her own tools and equipment.

The worker has made a significant investment in the facilities where the work is performed.

The worker runs a risk of experiencing a profit or loss, depending on factors of the job.

The worker is free to perform the same service for multiple employers.

The worker is able to provide his/her services to the general public.

The worker cannot be fired, but the contract can be terminated.

The worker cannot quit at any time without breaking contract.

Employee vs Independent Contractor

Do you know the difference?

What if the finds out?

If the IRS says that your independent contractors are employees, you will have to spend time and money to go to court to get that opinion overturned.



So, what could cause the IRS to become suspicious and investigate your business?

If a worker thinks he should be paid as a W-2 employee, and he calls your State Unemployment Department, you will be audited within a few weeks.

If a worker is fired and he attempts to claim unemployment, the inability to find him on your State Unemployment filings will trigger an audit.

If an anonymous letter (from a worker, a spouse, a family member, or really anybody) is sent to the State Labor Department, an audit will be triggered.

Periodically your business will be audited by your State Unemployment Division. Their job, in part, is to make sure that all workers are classified properly.

Stay on the right side of the IRS!

Use these 3 easy tips to keep you and your business safer.

1.

Document your relationship with your independent contractors with a legally binding contract.

2.

Require your independent contractors to submit invoices for work completed.

3.

Keep copies of your contractors' relevant licenses and insurance certificates.

Employee vs Independent Contractor

Do you know the difference? (the plain text version)

An Independent Contractor versus an Employee. Think you know the difference?

It's confusing, right? Do you classify your new hire as a W-2 employee and pay taxes on him or do you classify him as a 1099 and "save money" on your payroll taxes? If you misclassify and get caught, you'll pay more in penalties than you did in "saving money."

The US Department of Labor estimates 70% of businesses misclassify workers. The IRS is cracking down on small businesses that misclassify employees, and the chances of an audit are increasing every year.

One of the things you need to know is what business relationship exists between you and the worker performing services for your company.

Worker Classifications

A W-2 employee: Anyone who performs services for you is your employee if you can control what will be done and how it will be done. This is so even when you give the employee freedom of action. What matters is that you have the right to control the details of how the services are performed and who performs them.

A 1099 independent contractor (IC): An individual is an independent contractor if the payer has the right to control or direct only the result of the work and not what will be done, how it will be done, and who will do it.

What's the Difference?

There is very little difference in the work done by independent contractors and full-time employees doing the same job. The independent contractor label keeps him from getting the protection of the labor laws at the Federal and State level, and workers compensation coverage.

The advantages to an employer are pretty large and tempt business owners into classifying a new hire as an IC. They include:

- reduced overhead costs,
- reduced payroll taxes,
- reduced workers compensation premiums, and
- reduced expenses of paying an accountant for his payroll.

For the Independent Contractor, all of the expenses associated with the work he does can be deducted, in full, starting with the first dollar and without any kind of limitation.

There are, however, no benefits for the IC. He loses:

- health insurance,
- vacation pay,
- jury duty pay, and
- PTO (paid time off),
- workers compensation,
- overtime,
- holiday pay,
- FSA/HSA, and
- employer paid portion of FICA/Medicare taxes.

So, what makes one person an IC and another a W-2?

You get to decide what he is, right? Well, not so fast. Common and Statute rules governing the status of any particular worker make it a government decision.

Factors you need to know to determine employment status.

In 1987 the IRS created a list of 20 factors they consider relevant in determining a worker's employment status after examining the case law, Ruling 87- 41:

Employee vs Independent Contractor

Do you know the difference? (the plain text version)

- 1) **Instructions:** If the employer has the right to require the worker to comply with the employer's instructions.
- 2) **Training:** If the worker can be required to attend training as to how the work is done.
- 3) **Integration:** The services performed by the work integrated into the normal operations of the business.
- 4) **Personal Service:** Does the employer require that the worker performs the services or can the worker at their behest substitute another person?
- 5) **Hiring, Supervising, and Paying:** If the employer hires, pays, and supervises assistants for the worker rather than the worker hiring, paying and supervising his or her assistants. This is an indication of control.
- 6) **Continuing Relationship:** That the employer and the worker maintain an ongoing and continuous relationship.
- 7) **Set Hours of Work:** The worker has established regular hours for work set by the employer.
- 8) **Full-time Required:** The worker should work full time for the employer rather than be free to work for whoever s/he wants to and whenever s/he wants to.
- 9) **Work on Employer's Premises:** The services performed by the worker are performed in facilities controlled by the employer.
- 10) **Sequence Test:** The worker performs tasks in the order that the employer specifies.
- 11) **Reporting:** The worker must submit reports either verbally or in writing on a regular basis.
- 12) **Payment:** The work is paid by a time unit (Hour/day/week/etc.) as opposed to being paid by the job.
- 13) **Expenses:** If the employer pays the expenses for the worker it leans toward an employment status.
- 14) **Tools:** Normally if the worker's tools are provided this would indicate that the worker is an employee.
- 15) **Investment:** If the worker has made a significant investment in the facilities where the work is performed it indicates that the worker may be an independent contractor.
- 16) **Profit or Loss:** A worker who is an employee does not normally make a profit or a loss in addition to his normal pay.
- 17) **One Employer:** Normally a worker who performs the same service for multiple employers at the same time is indicative of an independent contractor.
- 18) **Availability:** If the worker makes his services available to the general public it is indicative of an independent contractor.
- 19) **Discharge:** The ability of an employer to fire a worker leans toward the worker being an employee.
- 20) **Termination:** A worker who can quit at any time indicates that the worker is an employee.

One of these rules alone does not define status, but a preponderance of them does and is the legal standard.

The IRS has also identified three types of conditions that could be used in determining the status of a worker as an IC or W-2:

- Behavioral controls,
- Financial controls, and
- Relationship of the parties.

Employee vs Independent Contractor

Do you know the difference? (the plain text version)

In addition to the twenty common law questions other factors that may be relevant to the employment status and that the weight allocated to each factor may vary based on the situation. Confusing, right?

The courts are tending to focus on the worker's ability to realize the profits or losses from the services he particularly performs as shown by who pays expenses and who finances the business. In the end, it all falls to a single opinion of a judge.

If the IRS says that your independent contractors are employees, you will have to spend time and money to go to court to get that opinion overturned.

**How is anyone going to know if you are misclassifying workers?
What will trigger an audit?**

- If a worker thinks he should be paid as a W-2 employee, and he calls your State Unemployment Department, you will be audited within a few weeks.
- If a worker is fired and he attempts to claim unemployment, the inability to find him on your State Unemployment filings will trigger an audit.
- If an anonymous letter (from a worker, a spouse, a family member, or really anybody) is sent to the State Labor Department, an audit will be triggered.
- Periodically your business will be audited by your State Unemployment Division. Their job, in part, is to make sure that all workers are classified properly.

It is not a matter of if you will be checked, but simply a matter of when.

Why does the IRS dislike the independent contractor classification?

- From the IRS' point of view, independent contractors have a much easier time, if they choose, to cheat on their taxes. It makes non-deductible costs deductible for the workers, thereby reducing the taxes paid.
- The IRS wants to make sure all workers are paying the government the income and payroll taxes that are due.
- The IRS is aware that classifying a worker as an independent contractor to save on taxes is becoming a regular occurrence...and they don't like it.

Stay on the right side of the IRS.

- Document your relationship with your independent contractor with a legally binding contract.
- Require your independent contractor to submit invoices for work completed.
- Keep copies of their licenses and insurance certificates.

These simple steps will help try and keep you safe in the eyes of the IRS with a truly classified independent contractor.

Independent Contractor Sample Contract

We've provided you with a sample independent contractor's contract. It defines the obligations and responsibilities of both parties. Something like this is a good idea just to make sure you don't end up in court without something to use as a shield against an upset ex-contractor. Feel free to use it as a template for your contract. The contract can be found on the next pages.

INDEPENDENT CONTRACTOR AGREEMENT
(Company)

This Independent Contractor Agreement (“Agreement”) is entered into as of _____, _____, by and between _____, with a principal place of business at _____ (“Company”), and _____, a _____ corporation, with a principal place of business at _____ (“Contractor”).

1. Services.

1.1 Nature of Services.

The contractor will perform the services, as more particularly described in Exhibit A, for Company as an Independent Contractor (the “Services”).

The Services have been specially ordered and commissioned by Company. To the extent the Services include materials subject to copyright; Contractor agrees that the Services are done as “work made for hire” as that term is defined under U.S. copy-right law and that as a result, the company will own all copyrights in the Services.

The contractor will perform such services in a diligent and workmanlike manner and in accordance with the schedule, if any, set forth in Exhibit A. The content, style, form, and format of any work product of the Services shall be completely satisfactory to Company and shall be consistent with Company’s standards. Except as specified in Exhibit A, Company agrees that Contractor’s services need not be rendered at any specific location and may be rendered at any location selected by Contractor. Contractor hereby grants Company the right, but not the obligation, to use and to license others the right to use Contractor, and Contractor’s employees’, name, voice, signature, photograph, likeness and biographical information in connection with and related to the Services.

1.2 Relationship of the Parties.

Contractor enters into this Agreement as and shall continue to be, an Independent Contractor. All Services shall be performed only by Contractor and Contractor’s employ-ees.

Under no circumstances shall Contractor, or any of Contractor’s employees, look to Company as his/her employer, or as a partner, agent or principal.

Neither Contractor nor any of Contractor’s employees, shall be entitled to any benefits accorded to Company’s employees, including without limitation worker’s compensation, disability insurance, vacation or sick pay. Contractor shall be responsible for providing, at Contractor’s expense, and in Contractor’s name, unemployment, disability, worker’s compensation and other insurance, as well as licenses and permits usual or necessary for conducting the Services.

1.3 Compensation and Reimbursement.

Contractor shall be compensated and reimbursed for the Services as set forth on Exhibit B. Completeness of work product shall be determined by Company in its sole discretion, and Contractor agrees to make all revisions, additions, deletions or alterations as requested by Company. No other fees and/or expenses will be paid to

Contractor unless such fees and/or expenses have been approved in advance by the appropriate Company executive in writing.

Contractor shall be solely responsible for any and all taxes, Social Security contributions or payments, disability insurance, unemployment taxes, and other payroll-type taxes applicable to such compensation. Contractor hereby indemnifies and holds Company harmless from, any claims, losses, costs, fees, liabilities, damages or injuries suffered by Company arising out of Contractor's failure with respect to its obligations in this Section 1.3.

1.4 Personnel.

Contractor represents and warrants to Company that its employees performing Services hereunder will have (a) sufficient expertise, training and experience to accomplish the Services; and (b) executed agreements which state that (i) all work done by the employee will be a work made for hire, as that term is defined under U.S. copyright law, and will be owned by Contractor; and (ii) the employee assigns all rights in and to all work done by the employee to Contractor. Contractor agrees that all its personnel shall be compensated, taxes withheld, and other benefits made available as required by applicable law and regulations.

Contractor shall require all employees who perform Services and/or have performed Services hereunder to sign a copy of the form attached hereto as Exhibit C and Contractor shall forward copies of all of such forms to Company within five (5) days of executing the Agreement and/or within five (5) days of assigning a new employee to perform Services hereunder.

2. Protection of Company's Confidential Information.

2.1 Confidential Information.

The company now owns and will hereafter develop, compile and own certain proprietary techniques, trade secrets, and confidential information which have great value in its business (collectively, "Company Information").

The company will be disclosing Company Information to Contractor during Contractor's performance of the Services. Company Information includes not only information disclosed by Company, but also information developed or learned by Contractor during Contractor's performance of the Services.

Company information is to be broadly defined and includes all information which has or could have commercial value or other utility in the business in which Company is engaged or contemplates engaging or the unauthorized disclosure of which could be detrimental to the interests of Company, whether or not such information is identified by Company.

By way of example and without limitation, Company Information includes any and all information concerning discoveries, developments, designs, improvements, inventions, formulas, software programs, processes, techniques, know-how, data, research techniques, customer and supplier lists, marketing, sales or other financial or business information, scripts, and all derivatives, improvements and enhancements to any of the above. Company Information also includes like third-party information which is in Company's possession under an obligation of confidential treatment.

2.2 Protection of Company Information.

Contractor agrees that at all times during or subsequent to the performance of the Services, Contractor will keep confidential and not divulge, communicate, or use Company Information, except for Contractor's own use during the Term of this Agreement to the extent necessary to perform the Services.

Contractor further agrees not to cause the transmission, removal or transport of tangible embodiments of, or electronic files containing, Company Information from Company's principal place of business, without prior written approval of Company.

2.3 Exceptions.

Contractor's obligations with respect to any portion of the Company Information as set forth above shall not apply when Contractor can document that (i) it was in the public domain at the time it was communicated to Contractor by Company; (ii) it entered the public domain subsequent to the time it was communicated to Contractor by Company through no fault of Contractor; (iii) it was in Contractor's possession free of any obligation of confidence at the time it was communicated to Contractor by Company; or (iv) it was rightfully communicated to Contractor free of any obligation of confidence subsequent to the time it was communicated to Contractor by Company.

2.4 Company Property.

All materials, including without limitation documents, drawings, drafts, notes, designs, computer media, electronic files and lists, including all additions to, deletions from, alterations of, and revisions in the foregoing (together the "Materials"), which are furnished to Contractor by Company or which are developed in the process of performing the Services, or embody or relate to the Services, the Company Information or the Innovations (as defined below), are the property of Company, and shall be returned by Contractor to Company promptly at Company's request together with any copies thereof, and in any event promptly upon expiration or termination of this Agreement for any reason.

Contractor is granted no rights in or to such Materials, the Company Information or the Innovations, except as necessary to fulfill its obligations under this Agreement. Contractor shall not use or disclose the Materials, Company Information or Innovations to any third party.

3. Prior Knowledge and Relationships.

3.1 Prior Inventions and Innovations.

The contractor has disclosed on Exhibit D, a complete list of all inventions or innovations made by Contractor prior to the commencement of the Services for Company and which Contractor desires to exclude from the application of this Agreement. The contractor will disclose to Company such additional information as Company may request regarding such inventions or innovations to enable Company to assess their extent and significance. Company agrees to receive and hold all such disclosures in confidence.

3.2 Other Commitments.

Except as disclosed on Exhibit D to this Agreement, Contractor has no other agreements, relationships or commitments to any other person or entity which conflict with Contractor's obligations to Company under this Agreement. Contractor agrees not to enter into any agreement, either written or oral, in conflict with this Agreement.

4. Assignment of Contractor's Inventions and Copyrights.

4.1 Disclosure.

Contractor will promptly disclose in writing to Company all works, products, discoveries, developments, designs, innovations, improvements, inventions, formulas, processes, techniques, know-how and data (whether or not patentable, and whether or not at a commercial stage, or registrable under copyright or similar statutes) which

are authored, made, conceived, reduced to practice or learned by Contractor (either alone or jointly with others) during the period Contractor provides the Services as a result of performing the Services including any concepts, ideas, suggestions and approaches related thereto or contained therein (collectively, the "Innovations").

4.2 Assignment.

Contractor hereby assigns and agrees to assign to Company, without royalty or any other consideration except as expressly set forth herein, all worldwide right, title and interest Contractor may have or acquire in and to (i) all Materials; (ii) all Innovations (iii) all worldwide patents, patent applications, copyrights, mask work rights, trade secrets rights and other intellectual property rights in any Innovations; and (iv) any and all "moral rights" or right of "droit moral" (collectively "Moral Rights"), that Contractor may have in or with respect to any Innovations.

To the extent any Moral Rights are not assignable, Contractor waives, disclaims and agrees that Contractor will not enforce such Moral Rights.

Contractor agrees that such assignment shall extend to all languages and include the right to make translations of the Materials and Innovations. Additionally, Contractor agrees, at no charge to Company, but at Company's sole expense, to sign and deliver to Company (either during or subsequent to Contractor's performance of the Services) such documents as Company considers desirable to evidence the assignment of all rights of Contractor, if any, described above to Company and Company's ownership of such rights and to do any lawful act and to sign and deliver to Company any document necessary to apply for, register, prosecute or enforce any patent, copyright or other right or protection relating to any Innovations in any country of the world.

4.3 Power of Attorney.

Contractor hereby irrevocably designates and appoints each of Company and its Secretary as Contractor's agent and attorney-in-fact, to act for and on Contractor's behalf and stead, for the limited purpose of executing and filing any such document and doing all other lawfully permitted acts to further the prosecution, issuance and enforcement of patents, copyrights or other protections which employ or are based on Innovations with the same force and effect as if executed and delivered by Contractor.

4.4 Representations and Warranties.

Contractor represents and warrants to Company that (a) Contractor has full power and authority to enter into this Agreement including all rights necessary to make the foregoing assignments to Company; that in performing under the Agreement; (b) Contractor will not violate the terms of any agreement with any third party; and (c) the Services and any work product thereof are the original work of Contractor, do not and will not infringe upon, violate or misappropriate any patent, copyright, trade secret, trademark, contract, or any other publicity right, privacy right, or proprietary right of any third party.

Contractor shall defend, indemnify and hold Company and its successors, assigns and licensees harmless from any and all claims, actions and proceedings, and the resulting losses, damages, costs, and expenses (including reasonable attorney's fees) arising from any claim, action or proceeding based upon or in any way related to Contractor's or Contractor's employees, breach or alleged breach of any representation, warranty or covenant in this Agreement, and/or from the acts or omissions of Contractor or Contractor's employees.

5. Termination of Agreement.

5.1 Term.

This Agreement shall be effective from the date first listed above for the period set forth in Exhibit A, or until completion of the Services, as applicable, unless sooner terminated by either party in accordance with the terms and conditions of this Agreement ("Term"). This Agreement is terminable by either party at any time, with or without cause, effective upon notice to the other party.

If Company exercises its right to terminate the Agreement, any obligation it may otherwise have under this Agreement shall cease immediately, except that Company shall be obligated to compensate Contractor for work performed up to the time of termination. If Contractor exercises its right to terminate the Agreement, any obligation it may otherwise have under this Agreement shall cease immediately.

Additionally, this Agreement shall automatically terminate upon Contractor's death. In such event, Company shall be obligated to pay Contractor's estate or beneficiaries only the accrued but unpaid compensation and expenses due as of the date of death.

5.2 Continuing Obligations of Contractor.

The provisions of Sections 1.1 (as relates to creation and ownership of copyright), 1.2, 1.3, 2, 3, 4, 5.2, and 6 shall survive expiration or termination of this Agreement for any reason.

6. Additional Provisions.

6.1 Governing Law and Attorney's Fees.

This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to its choice of law principles. The parties consent to exclusive jurisdiction and venue in the federal and state courts sitting in Orange County, California.

In any action or suit to enforce any right or remedy under this Agreement or to interpret any provision of this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees, costs, and other expenses.

6.2 Binding Effect.

This Agreement shall be binding upon, and inure to the benefit of, the successors, executors, heirs, representatives, administrators and permitted assigns of the parties hereto. Contractor shall have no right to (a) assign this Agreement, by operation of law or otherwise; or (b) subcontract or otherwise delegate the performance of the Services without Company's prior written consent which may be withheld as Company determines in its sole discretion. Any such purported assignment shall be void.

6.3 Severability.

If any provision of this Agreement shall be found invalid or unenforceable, the remainder of this Agreement shall be interpreted so as for best to reasonably effect the intent of the parties.

6.4 Entire Agreement.

This Agreement, including the Exhibits, constitutes the entire understanding and agreement between the parties with respect to its subject matter and supersedes all prior and contemporaneous agreements or understandings, inducements or conditions,

express or implied, written or oral, between the parties.

6.5 Injunctive Relief.

Contractor acknowledges and agrees that in the event of a breach or threatened breach of this Agreement by Contractor, Company will suffer irreparable harm and will, therefore, be entitled to injunctive relief to enforce this Agreement.

6.6 Contractor's Remedy.

Contractor's remedy, if any, for any breach of this Agreement shall be solely for damages and Contractor shall look solely to Company for recovery of such damages. Contractor waives and relinquishes any right Contractor may otherwise have to obtain injunctive or equitable relief against any third party with respect to any dispute arising under this Agreement. Contractor shall look solely to Company for any compensation which may be due to Contractor hereunder.

6.7 Agency.

The contractor is not Company's agent or representative and has no authority to bind or commit Company to any agreements or other obligations.

6.8 Amendment and Waivers.

Any term or provision of this Agreement may be amended, and the observance of any term of this Agreement may be waived, only by a writing signed by the party to be bound. The waiver by a party of any breach or default in performance shall not be deemed to constitute a waiver of any other or succeeding breach or default. The failure of any party to enforce any of the provisions hereof shall not be construed to be a waiver of the right of such party thereafter to enforce such provisions.

6.9 Time.

Contractor agrees that time is of the essence in this Agreement.

6.10 Notices.

Any notice, demand, or request with respect to this Agreement shall be in writing and shall be effective only if it is delivered by personal service, by air courier with receipt of delivery, or mailed, certified mail, return receipt requested, postage prepaid, to the address set forth above.

Such communications shall be effective when they are received by the addressee; but if sent by certified mail in the manner set forth above, they shall be effective five (5) days after being deposited in the mail. Any party may change its address for such communications by giving notice to the other party in conformity with this section.

CAUTION: THIS AGREEMENT AFFECTS YOUR RIGHTS TO INNOVATIONS YOU MAKE PERFORMING YOUR SERVICES, AND RESTRICTS YOUR RIGHT TO DISCLOSE OR USE COMPANY'S CONFIDENTIAL INFORMATION DURING OR SUBSEQUENT TO YOUR SERVICES. CONTRACTOR HAS READ THIS AGREEMENT CAREFULLY AND UNDERSTANDS ITS TERMS. CONTRACTOR HAS COMPLETELY FILLED OUT EXHIBIT D TO THIS AGREEMENT.

Contractor company

By: _____

CONTRACTOR (Print Name) _____

SIGNATURE OF CONTRACTOR _____

DATE _____

Forms mentioned in this section:

IRS Form W4

IRS Form 1099

IRS Form 1096

Circular E, Publication 15, Employer's Tax Guide

The Electronic Federal Tax Payment System (EFTPS)

Form I-9

Publication 15-A

Publication 15-B

Form 8952, Application for Voluntary Classification Settlement Program

