

Independent Contractors/Employees –Coverage Under Selected Laws

| | INDUSTRIAL INSURANCE <i>RCW 51.08.180, .195</i> | UNEMPLOYMENT INSURANCE <i>RCW 50.04.100, .140, .145</i> | B&O TAXES <i>RCW 82.04.360;</i> <i>WAC 458-20-105</i> |
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| WHAT IS THE PRESUMED RELATIONSHIP? | Employee. | Employee. | |
| WHO COVERED? (Persons who are covered by industrial and unemployment insurance and who do not pay excise taxes.) | Every person: <ul style="list-style-type: none"> • engaged in the employment of an employer, OR • working under an independent contract, the essence of which is his or her personal labor. | Personal service performed for wages or under any contract calling for the performance of personal services. | Tax does not apply to employees as distinguished from independent contractors. Conditions indicating that a person is an employee are found in rule. |
| WHO ARE NOT COVERED? (Persons not covered by industrial and unemployment insurance and who pay B&O taxes.) | “CONTRACTOR” EXCEPTION Any registered contractor or licensed electrical contractor when: <ol style="list-style-type: none"> 1. Contracting with another registered contractor or licensed electrical contractor, 2. The contractor has a place of business eligible for a IRS business tax deduction, 3. The contractor maintains a separate set of books or Records, AND 4. The work is contractor or electrical work. | “CONTRACTOR” EXCEPTION <div style="border: 1px solid black; padding: 5px; text-align: center; margin: 10px auto; width: fit-content;">TEST IS THE SAME AS FOR INDUSTRIAL INSURANCE</div> | Conditions indicating that a person is engaging in business are found in rule. |

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|--|--|---|--|
| | <p>“SIX PART TEST” EXCEPTION</p> <ol style="list-style-type: none"> 1. Person is free from control or direction; 2. The service is: <ol style="list-style-type: none"> a. outside the usual course of business, OR b. off-site, OR c. the person is responsible for the costs of the place of business; 3. The person has: <ol style="list-style-type: none"> a. an independently established trade, occupation, profession, or business, OR b. a place of business eligible for an IRS business deduction; 4. The person files a business tax return with the IRS; 5. The person has an account with the department of revenue and other state agencies; AND 6. The person has a separate set of books or records. | <p>“SIX PART TEST” EXCEPTION</p> <div style="border: 1px solid black; padding: 10px; text-align: center; margin: 10px auto; width: fit-content;"> <p>TEST IS THE SAME AS FOR INDUSTRIAL INSURANCE</p> </div> | |
| | | <p>“ABC” TEST EXCEPTION (unemployment insurance only)</p> <ol style="list-style-type: none"> 1. Person is free from control or direction; 2. The service is <ol style="list-style-type: none"> a. outside the usual course of business, OR b. off-site; AND 3. The person has an independently established trade, occupation, profession, or business. | |