

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>
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. 	