

TABLE 2-2

DETERMINING A WORKER'S STATUS USING THE IRS 20-FACTOR TEST

Note: In order to determine if a pastor or lay church worker is an employee or self-employed for federal income tax reporting purposes, follow these simple steps: (1) read the description of each factor in the table below; (2) check the appropriate column ("EE" refers to employee and "SE" refers to self-employed); and (3) total the check marks for each column. The column with more marks indicates the worker's correct status.

FACTOR	E E	S E
1. Instructions. Is the worker required to comply with instructions about when, where, and how to work? If so, check EE; if not, check SE.		
2. Training. Is the worker trained by an experienced employee or by other means? If so, check EE; if not, check SE.		
3. Integration. Are the worker's services integrated into the employer's business operations? If so, check EE; if not, check SE.		
4. Services rendered personally. Must services be rendered personally by the worker? If so, check EE. If the worker may hire a substitute to perform the work without the church's knowledge or consent, check SE.		
5. Hiring, supervising, and paying assistants. Does the church hire, supervise, and pay assistants to assist the worker? If so, check EE. If the worker hires, supervises, and pays his or her own assistants, check SE.		
6. Continuing relationship. Is there a continuing working relationship between the church and worker? If so, check EE; if not, check SE.		
7. Setting hours of work. Does the employer establish set hours of work? If so, check EE. Is the worker a "master of his own time"? If so, check SE.		
8. Full time required. Must the worker devote full time to the church's business? If so, check EE. If the worker is hired "by the job" and may offer his or her services to other employers, check SE.		
9. Doing work on employer's premises. If the worker must perform his or her duties on the church's premises, check EE. If not, check SE.		
10. Order or sequence of work. If the worker must perform services in an order or sequence set by the church, check EE. If not, check SE.		
11. Oral or written reports. If the worker is required to submit regular oral or written reports to the employer, check EE. If not, check SE.		
12. Payment by hour, week, month. If the worker is paid by the hour, week, or month, check EE. If paid by the job on a lump-sum basis (even if paid in installments), check SE.		

13. Payment of business expenses. Does the church pay the worker's business expenses? If so, check EE; if not, check SE.
14. Furnishing of tools and materials. If the church furnishes tools and materials for the worker's use, check EE. If the worker provides his or her own tools and materials, check SE.
15. Significant investment. Does the church furnish all necessary facilities (equipment and premises)? If so, check EE; if not, check SE.
16. Realization of profit or loss. May the worker realize a profit or suffer a loss as a result of his or her services? If so, check SE; if not, check EE.
17. Working for more than one organization at a time. Does the worker perform services for a number of organizations besides your church? If so, check SE. If not, check EE.
18. Making services available to the general public. Does the worker make his or her services available to the general public (by having his or her own office and assistants, holding a business license, advertising in newspapers and telephone directories)? If so, check SE; if not, check EE.
19. Right to discharge. Can the church dismiss the worker at any time? If so, check EE; if not, check SE. Self-employed persons usually cannot be fired if they produce results that fulfill their contract specifications.
20. Right to resign. Can the worker end the relationship with the church at any time without incurring liability? If so, check EE; if not, check SE. A self-employed person usually agrees to complete a specific job and is responsible for its satisfactory completion or is legally obligated to make good for failure to complete the job.
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