

LOKER UNIVERSITY STUDENT UNION, INC. INDEPENDENT CONTRACTOR POLICY

Introduction

- Federal and State tax laws require the reporting of payments to individuals for services as taxable income. Depending upon the circumstances, the individual may be considered an employee or an independent contractor. If the individual is considered an employee, the employer is liable for certain taxes and benefits, such as FICA and Workers Compensation, in addition to the compensation amount. Therefore, it is critical that a justifiable determination be made as to the status of the individual before payment is made.

Determination of Independent Contractor Status

- The Student Union Director is responsible for determining whether an individual should be classified as an employee or independent contractor based on the information supplied on the payment request forms. The Director shall consider all factors in the determination in order to give an unbiased and justifiable opinion as to the status of the individual.

Payments to individuals for services equal or greater than \$50 per calendar quarter

- If the total payment is equal to or greater than \$50 per calendar quarter, a Student Union Independent Contractor Agreement and Justification form must be submitted to the Student Union in accordance with Student Union procedures prior to the performance of the service. After review of the form, the Student Union may determine the individual must be paid through the Student Union payroll system. If independent contractor status is justified, payment(s) will be made after performance of the services upon receipt of an invoice from the contractor, submitted in accordance with Student Union procedures. The invoice must be signed by the contractor.
- Payments to individuals who are employed by the CSU Dominguez Hills, CSUDH Student Union or any entity related to the CSU Dominguez Hills, either at the time the services are to be performed or at the time payment is to be made by the Student Union, must be paid through Student Union Payroll.

Payments to individuals for services less than \$50 per calendar quarter

- If the total payment is less than \$50 per calendar quarter, a Student Union Payment to Individuals Short Form must be submitted and approved in accordance with Student Union procedure after the performance of the service.
- Payment to individuals who are employment by CSU Dominguez Hills, CSUDH Student Union or entity related to CSU Dominguez Hills, either at the time the services are to be performed or at the time payment is to be made by the University Student Union, must be paid through University Student Payroll.

Advance payment to individuals for services

- Advance payment to individuals for services is not allowable except in extreme cases and upon the approval of the University Student Union Director. Payment to individuals for services will be made only **after** the performance of the service. A reasonable down payment or retainer fee can be requested with appropriate documentation.