**What should a church consider when treating paid workers as independent contractors instead of employees for income tax purposes?**

Remember, ministers usually have a dual tax status and should be treated as employees for income tax purposes and self-employed for Social Security purposes with respect to their ministerial earnings.

Sometimes it’s difficult for churches to decide if other paid workers are employees or independent contractors. Employers should generally err on the side of treating workers as employees if they aren’t sure. If a church treats a worker as an independent contractor and the IRS later reclassifies that worker as an employee, the church could face substantial fines.

For more information about how the IRS decides if a worker is an independent contractor or employee, see IRS Publication 15-A, Employer’s Supplemental Tax Guide (Supplement to Publication 15 (Circular E), Employer’s Tax Guide), on the IRS Web site at [http://www.irs.gov](https://help.guidestone.org/30268-employee-or-self-employed-faqs/IRS.gov).

These facts suggest to the IRS that a worker is an employee instead of self-employed:

* The worker is required to follow an employer’s instructions about when, where, and how to work.
* The worker receives on-the-job training from an experienced employee.
* The worker is expected to perform the services personally, and not use a substitute.
* The employer, rather than the worker, hires and pays any assistants.
* The worker has a continuing working relationship with the employer.
* The employer establishes set hours of work.
* The worker is expected to work full time (more than 20 hours per week).
* The work is done on the employer’s premises.
* The worker must submit regular oral or written reports to the employer.
* The employer reimburses the worker’s business expenses.
* The employer furnishes the worker’s tools, supplies and equipment.
* The worker does not work for other employers.
* The worker does not advertise his or her services to the general public.

Workers don’t have to meet all of these factors to be considered an employee. If they meet most of them, the IRS will consider them to be employees. That’s why churches should treat workers as employees rather than independent contractors if they are in doubt.

For more information, visit [GuideStone.org/TaxGuide](http://www.guidestone.org/LearningCenter/Ministry/MinistersTaxGuide.aspx)