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**Taija Sparkman** • Jan. 29, 2015



Busy season has arrived and with it comes longer days and increased workloads. As you help your clients prepare for tax season, it's imperative that you take the time to assess your own needs to navigate through the season.

Start by evaluating what your clients need from you. Once you have a good idea of what's going to be required of you, you can then determine if you have the right resources available. Are you fully equipped and staffed to handle your clients' needs

during the busy season? If not you may consider reducing your client list or ramping

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implications that need to be considered. If your clients need services that your firm doesn't typically provide, hiring a contractor that specializes in that area could enhance your service offering without adding too much of an additional cost. However, there may situations where it's more cost-effective and efficient for your clients to hire the third party directly.

Outlined below are a few of the differences between employees and contractors and things payroll practitioners should consider before deciding.

#### **Contractors:**

- Operate under their own business name
- Advertise their business' services
- Invoice for work completed
- May work for more than one client at a time
- Provide own business tools and resources
- Set own hours
- Keep business records
- Have reduced labor costs and liability
- Provide flexibility in hiring and firing
- Usually have a pre-determined work length
- Must complete a W-9
- Must receive a 1099-MISC for any payment in excess of \$600

#### **Employees:**

- Perform work assigned by others
- Work for only one employer
- Must be provided employee benefits

- Require employers withhold state, federal income, Social Security, Medicare and

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The best way to determine what a good fit is for your firm is to access your clients and the work that each requires. Make a decision based on the perceived longevity of the additional workload, as well as which services are needed.

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