

Contractor vs. Employee: Key Rules

1. Employee

- Works under the University's control and direction (how, when, and where work is done).
- Paid through payroll; subject to taxes, benefits, and University HR policies.
- Work is part of the University's regular operations.
- Example: A research assistant on your payroll doing lab work.

2. Contractor / Vendor

- Provides specific services or deliverables independently.
- Sets their own schedule/methods; University does not direct day-to-day work.
- Paid via invoices, responsible for their own taxes and benefits.
- Work is not part of routine University operations.
- Example: A lab performing testing for your project, or a consultant providing a report.

Key Tips:

- Misclassifying an employee as a contractor can cause legal and tax issues.
- Use a service agreement for contractors; do not put them on University payroll unless they are employees.
- If unsure, contact HR or MURC for guidance before hiring.