



# Request for Payment to an Individual

Please type in all fields

**STOP** Do not complete this form if...

1. the individual is currently being paid by University Payroll – you must submit any additional payment via Payroll (see the [ACA Hiring Decision Tree](#));
2. the individual already has an established vendor code – you may submit an additional vendor payment without resubmitting this form;
3. you are attempting to pay a company – please process a vendor request directly through NUPortal.

**Instructions:** This form must be completed when requesting a non-employee payment to any individual that does not have an established vendor code and does not fall into a category noted above.

**Questions?** For assistance with Page 1, contact Accounting Services at 847-491-4707 (for U.S. citizen/resident payments) or Payroll at 312-503-9708 (for non-resident payments); questions regarding Pages 2-3 should be directed to Human Resources Compensation at [contractor\\_request@northwestern.edu](mailto:contractor_request@northwestern.edu). For further information regarding payment types and the determination questions, see Pages 4-8.

## Section 1: Request Information

### INDIVIDUAL TO BE PAID

Name of Individual to be Paid:		
What is this individual's citizenship status? <input type="checkbox"/> U.S. Citizen/Resident <input type="checkbox"/> Non-Resident for Tax Purposes	Service Provided to (Name of Department):	
Service Begin Date:	Service End Date:	Is this a grant funded assignment? <input type="checkbox"/> Yes <input type="checkbox"/> No

### REQUESTOR'S INFORMATION

Requestor's Name:	
Contact Phone:	Contact Email Address:

### NON-CONTRACTOR PAYMENT

If the payment type falls into **one of the following categories**, select the appropriate option below and complete the remainder of this section. If the payment does *not* fall into these categories, skip to Page 2. For help, refer to the contact information at the top of this page.

Human/Research Subject       Prizes/Awards       Other *Non-Services* Payment – Describe in detail:  
 Refund/Reimbursement (*2<sup>nd</sup> request*)     Royalties  
 Honorarium

**If a payment type is selected above:** I certify that the information provided here is complete and accurate and that the non-contractor payment type selected above is an appropriate reflection of the payment being provided to this individual.

Print Name of Engaging Manager: \_\_\_\_\_

Engaging Manager's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

→ If a payment type is selected in the **NON-CONTRACTOR PAYMENT** section, sign above only. Do not complete Pages 2-3. Then, submit your request based on the individual's citizenship status:

- ❖ If the individual is a U.S. citizen/resident, scan this page along with the W-9, and submit with your vendor code request in the NU Portal.
- ❖ If the individual is a non-resident, attach this page to the [Payment Packet for Non-Resident Independent Contractors](#) and send directly to the Payroll Office.

→ If a payment type is not selected in the above section, do *not* sign here. Continue to the **INDEPENDENT CONTRACTOR DETERMINATION and AUTHORIZATION** on Pages 2-3.

# Request for Payment to an Individual



**Complete the following sections only if you did not select a Non-Contractor Payment option on Page 1.**  
 These questions will help determine if the individual should be paid as an Independent Contractor for services or if an employee-employer relationship exists.

## Section 2: Independent Contractor Determination

Direct questions about this section to the HR Compensation Office at [contractor\\_request@northwestern.edu](mailto:contractor_request@northwestern.edu).

### RELATIONSHIP WITH NORTHWESTERN UNIVERSITY

1. Is the individual currently on payroll as an active University employee?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
2. Was the individual an active University employee at any time within the current calendar year?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
3. Has the individual been paid, in any way, from the University's payroll office within the current calendar year?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
4. Is it expected that the University will hire this individual as an employee following the termination of this service?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<p><b>Describe the extent to which the work performed is not an integral part of the University's business.</b> (For example, work is integral if it is a service that the University is in business to provide, such as teaching.)</p>    		

### BEHAVIORAL CONTROL

*the right to direct and control the details and means by which the worker performs services (see guidance on [Page 5](#))*

1. Will the University have the right to give the worker instructions about when, where, and how the job should be done?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<b>Comments:</b>
2. If instructions are given, will they consist of detailed guidelines developed by the University?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
3. Will the University measure the details of how the work is performed?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
4. Will the individual receive training from the University on how to do the job?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	

### FINANCIAL CONTROL

*the right to direct and control economic aspects of the worker's activities (see guidance on [Page 6](#))*

1. Has the individual invested in the equipment or facilities (such as an office) used to perform the services and does this investment compare favorably enough to the University's that they appear to be sharing risk of loss?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<b>Comments:</b>
2. Will the arrangement prevent the worker from realizing a profit or incurring a loss?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
3. Does the individual take initiative to operate as an independent business and is engaged in in open market competition with others?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
4. Will the individual be working exclusively for the University and not for other clients in the market?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
5. Will the University pay the individual's business or travel expenses?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	
6. Will the University pay the worker by the hour, week, or month rather than by the job?	<input type="checkbox"/> Yes	<input type="checkbox"/> No	

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**TYPE OF RELATIONSHIP**

*the intent of parties concerning the status and control of the worker (see guidance on [Page 7](#))*

1. Is the work to be performed part of the regular business of the University, e.g., teaching? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>	<b>Comments:</b>
2. Will the University set the amount of pay for the work? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>	
3. Will the University set the work hours for the work? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>	
4. Is the Individual free to hire helpers? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>	
5. Will the worker be hired for an indefinite period rather than a specific period? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>	
6. If the Individual works on an impermanent basis, is this due to any industry-specific factors, the University's reliance on outside agencies, or other? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>	

**ADDITIONAL DETAILS**

List additional detail about the service being performed or any other information that you would like to be considered:

**ATTESTATION**

*To be completed by the Northwestern employee responsible for hiring/engaging the named individual:* I certify that the information provided on this form, including responses to the Independent Contractor Questions, is complete and accurate.

**Print Name of Hiring/Engaging Manager:** \_\_\_\_\_

**Hiring/Engaging Manager's Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

➔ Send this completed form (Pages 1-3) to the Office of Human Resources Compensation Division, 1801 Maple Avenue, Evanston, IL, 6th Floor, or email to [contractor\\_request@northwestern.edu](mailto:contractor_request@northwestern.edu). This form will be returned to the requestor with the final determination indicated below.

**Section 3: Final Determination**

*this section to be completed by Human Resources Compensation Division*

<b>Classification</b>	<b>Process Instructions:</b>
<input type="checkbox"/> Non-Employee Independent Contractor (U.S. Citizen/Resident)	<b>Process via Accounts Payable:</b> 1. Request vendor code through Accounting Services; 2. Submit ICQ with final determination, W-9, and COI; 3. Process Online Voucher; 4. Attach payment documentation/Independent Contractor form
<input type="checkbox"/> Non-Employee Independent Contractor (Non-Resident for Tax Purposes)	<b>Process via Payroll:</b> <a href="http://www.northwestern.edu/hr/foreign-nationals/paying-independent-contractors/">www.northwestern.edu/hr/foreign-nationals/paying-independent-contractors/</a>
<input type="checkbox"/> Northwestern Employee (U.S. Citizen/Resident)	<b>Process via Payroll:</b> <a href="http://www.northwestern.edu/hr/managers-administrators/payroll-administration/">www.northwestern.edu/hr/managers-administrators/payroll-administration/</a>
<input type="checkbox"/> Northwestern Employee (Non-Resident for Tax Purposes)	<b>Process via Payroll:</b> <a href="http://www.northwestern.edu/hr/foreign-nationals/paying-non-resident-student-employees/">www.northwestern.edu/hr/foreign-nationals/paying-non-resident-student-employees/</a>
<b>Factors that support determination:</b>	
Reviewed and Approved By: _____ <span style="float: right;">Date: _____</span>	

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## Instructions & Determination Guidance

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### Determining Independent Contractor Status

#### Purpose of this Form

This form will aid in determining whether an individual is an independent contractor or whether an employer-employee relationship exists. Proper classification of individuals is critical to appropriately process and make payments for services. Under the United States Internal Revenue Service (IRS) and other agency guidelines, the University has certain responsibilities. Independent contractor payments must be tracked for taxable income reporting on Form 1099, and employee payments are subject to employment taxes and are reportable on Form W-2. In addition, employees may be eligible for benefits.

Errors in employee/non-employee classification may lead to significant fines and penalties due to lack of appropriate income reporting, tax withholding, or provision of benefits.

#### Definition of Independent Contractor

An individual is an independent contractor if both:

- the University has the right to control or direct only the result of the work, and
- the University does not direct what will be done or how it will be done.

An individual is *not* an independent contractor if:

- he/she performs services that can be controlled by the University, even if the individual is given freedom of action.

This determination process also includes review of other classifications, including individuals to be paid human subject payments or honoraria.

#### Determination Guidance

Guidance known as “Common Law Rules” has been provided by the IRS to aid in determining if an employer-employee relationship may exist. These rules and a Questionnaire follow. The Questionnaire is a tool to aid in the assessment of independent contractor vs. employee classification.

More information is available at: <http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed>.

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### Human Subject and Honorarium Payments

Note that Human Subject Fees and Honoraria paid to existing University employees must be processed as an [Additional Pay Request](#). If the individual is not a current employee, but has been paid by University Payroll in the current calendar year, the payment must be processed as a [Special Pay Request](#).

#### Human Subject Payment

Payments made to individuals for their participation in research projects or reimbursements for expenses. For more information, see [www.northwestern.edu/financial-operations/policies-procedures/policies/HumanSubjectPayments.pdf](http://www.northwestern.edu/financial-operations/policies-procedures/policies/HumanSubjectPayments.pdf).

#### Honorarium

A payment to confer distinction or to express respect, esteem or admiration for the recipient is an honorarium. Honoraria are often given in lieu of reimbursing expenses. If payment has been negotiated with the recipient and is given in return for services provided, it should be considered a speaking fee or consulting payment. For more information, see [www.northwestern.edu/hr/policies-forms/policies-procedures/payroll-admin/engaging-individuals-as-independent-contractors.html](http://www.northwestern.edu/hr/policies-forms/policies-procedures/payroll-admin/engaging-individuals-as-independent-contractors.html).

→ Return to the Human Subject/Honorarium Question on the ICQ

### Common Law Rules

Facts that provide evidence of degree of control and independence fall into three categories. Each of these categories is outlined in further detail on the following pages:

#### Behavioral Control

Does the company control or have the right to control what the worker does and how the worker does his or her job?

#### Financial Control

Are the business aspects of the worker's job controlled by the payer (e.g. how worker is paid, whether expenses are reimbursed, who provides tools/supplies, etc.)?

#### Type of Relationship

Are written contracts or employee-type benefits involved (e.g. pension plan, insurance, vacation pay, etc.)? Will the relationship continue, and is the work performed a key aspect of the business?

### Behavioral Control

Behavioral Control refers to facts that show whether there is a right to direct or control how the worker does the work. A worker is an employee when the business has the right to direct and control the worker. The business does not need to *exercise* that right to direct or control the work; as long as that right exists, the worker is an employee.

The behavioral control factors consist of four categories:

- **Type of Instructions Given**
- **Degree of Instruction**
- **Evaluation Systems**
- **Training**

#### Type of Instructions Given

An employee is generally subject to the business's instructions about when, where, and how to work. The following are types of instructions about how to perform work:

- When and where to do the work
- What tools or equipment to use
- What workers to hire or to assist with the work
- Where to purchase supplies and services
- What work must be performed by a specified individual
- What order or sequence to follow when performing the work

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### Degree of Instruction

The more detailed the instructions that are provided by the business, the more control the business exercises over the worker, indicating the worker is an employee. Less detailed instructions reflect less control, indicating the worker is more likely an independent contractor.

**Note:** The amount of instruction needed varies among different jobs. Even if no instructions are given, sufficient behavioral control may exist if the employer has the right to control how the work results are achieved. A business may lack the knowledge to instruct some highly specialized professionals; in other cases, the task may require little or no instruction. The key consideration is whether the business has retained the *right* to control details of a worker's performance or instead has given up that right.

### Evaluation System

If an evaluation system measures the details of how the work is performed, then the worker is an employee. If the evaluation system measures just the end result, the worker may be either an independent contractor or an employee.

### Training

If the business provides the worker with training on how to do the job, it indicates that the business wants the job done in a particular way. This is strong evidence that the worker is an employee. Periodic or on-going training about procedures and methods is even stronger evidence of an employer-employee relationship, whereas independent contractors ordinarily use their own methods.

[→ Return to the Behavioral Control Questions on the ICQ](#)

## Financial Control

Financial control refers to facts that show whether the business has the right to control the economic aspects of the worker's job. The financial control factors consist of five categories:

- **Significant Investment**
- **Unreimbursed Expenses**
- **Opportunity for Profit or Loss**
- **Services Available to the Market**
- **Method of Payment**

### Significant Investment

An independent contractor often has a significant investment in the equipment he or she uses when working for someone else. However, in many occupations, such as construction, workers spend thousands of dollars on the tools and equipment they use and are still considered to be employees. There is no precise dollar limit that must be met in order to have a significant investment. Furthermore, a significant investment is not necessary for independent contractor status, as some types of work do not require large expenditures.

### Unreimbursed Expenses

Independent contractors are more likely to have unreimbursed expenses than employees. Fixed ongoing costs that are incurred, regardless of whether work is currently being performed, are especially important. However, employees may also incur unreimbursed expenses in connection with the services that they perform for their business.

### Opportunity for Profit or Loss

The possibility of incurring a loss indicates that the worker is an independent contractor. If a worker has a significant investment in the tools and equipment used, and if the worker has unreimbursed expenses, the worker has a greater opportunity to lose money (i.e. their expenses will exceed their income from the work).

### Services Available to the Market

An independent contractor is generally free to seek out business opportunities. Independent contractors often advertise, maintain a visible business location, and are available to work in the relevant market.

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### Method of Payment

An employee is generally guaranteed a regular wage amount hourly, weekly, or for another period of time. This usually indicates that a worker is an employee, even if the wage or salary is supplemented by a commission. An independent contractor is usually paid by a flat fee for the job. However, it is common in some professions, such as law, to pay independent contractors hourly.

[→ Return to the Financial Control Questions on the ICQ](#)

### Type of Relationship

Type of relationship refers to facts that show how the worker and business perceive their relationship to each other. The factors that indicate the type of relationship between two parties generally fall into four categories:

- **Written Contracts**
- **Employee Benefits**
- **Permanency of the Relationship**
- **Services Provided as a Key Activity of the Business**

#### Written Contracts

Although a contract may state that the worker is an employee or an independent contractor, this is not sufficient to determine the worker's status. The IRS is not required to follow a contract stating that the worker is an independent contractor (responsible for paying his or her own self-employment tax). How the parties work together determines whether the worker is an employee or an independent contractor.

#### Employee Benefits

Employee benefits, such as insurance, pension plans, paid vacation, sick days, and disability insurance, are generally not granted to independent contractors. However, the lack of these types of benefits does not necessarily mean the worker is an independent contractor.

#### Permanency of the Relationship

If a worker is hired with the expectation that the relationship will continue indefinitely, rather than for a specific project or period, it is generally considered evidence that the intent was to create an employer-employee relationship.

#### Services Provided as a Key Activity of the Business

If a worker provides services that are a key aspect of the business, it is more likely that the business will have the right to direct and control his or her activities. For example, if a law firm hires an attorney, it is likely that it will present the attorney's work as its own and would have the right to control or direct that work. This would indicate an employer-employee relationship.

[→ Return to the Type of Relationship Questions on the ICQ](#)

### Economic Realities

Independent contractors are workers with economic independence who are in business for themselves. The following "economic realities" may help resolve the Common Law Rules above and assist in determining whether a worker is truly in business for himself or herself. If, like most, the worker is economically dependent on an employer who can require (or allow) the employee to work – and who can prevent the employee from working – an employer-employee relationship is indicated.

#### 1. The extent to which the work performed is an integral part of the employer's business.

If the work performed by a worker is integral to the employer's business, it is more likely that the worker is economically dependent on the employer and less likely that the worker is in business for himself or herself.

#### 2. Whether the worker's managerial skills affect his or her opportunity for profit and loss.

Managerial skill may be indicated by the hiring and supervision of workers or by investment in equipment. Analysis of this factor should focus on whether the worker exercises such managerial skills and, if so, whether those skills affect that worker's opportunity for both profit and loss.

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### 3. The relative investments in facilities and equipment by the worker and the employer.

The worker must make some investment compared to the employer's investment (and bear some risk for a loss) in order for there to be an indication that he/she is an independent contractor. A worker's investment in tools and equipment to perform the work does not necessarily indicate independent contractor status, because such tools and equipment may be required for the work. If a worker's business investment compares favorably enough to the employer's that they appear to be sharing risk of loss, this factor indicates that the worker may be an independent contractor.

### 4. The worker's skill and initiative.

Both an employee and an independent contractor may be a skilled worker. To indicate possible independent contractor status, the worker's skills should demonstrate that he or she exercises independent business judgment. Further, the fact that a worker is in open market competition with others would suggest independent contractor status.

### 5. The permanency of the worker's relationship with the employer.

Permanency or indefiniteness in the worker's relationship with the employer suggests that the worker is an employee, as opposed to an independent contractor. However, a worker's lack of a permanent relationship with the employer does not necessarily suggest independent contractor status because the impermanent relationship may be due to industry-specific factors, or the fact that an employer routinely uses staffing agencies.

### 6. The nature and degree of control by the employer.

Analysis of this factor includes who sets pay amounts and work hours and who determines how the work is performed, as well as whether the worker is free to work for others and hire helpers. An independent contractor generally works free from control by the employer (or anyone else, including the employer's clients).