



## Independent Contractor Information

VMRF purchasing procedures may not be used in lieu of placing an individual on the payroll. An individual may only be retained for personal or professional services as an independent contractor if a determination has been made that an employer-employee relationship does not exist.

### INDEPENDENT CONTRACTOR SERVICES

#### 1. Definition of Independent Contractor Services

Personal services performed by independent contractors are generally infrequent, technical, or unique functions performed by individuals rather than partnerships, firms, or corporations. Examples of such services include secretarial, drafting, technical editing, translation, and technical appraisals.

#### 2. Engaging the Services of an Independent Contractor

The determination of an individual's status as an employee or independent contractor must be made prior to an engagement to perform personal or professional services. As a general rule, individuals should be classified as independent contractors on an exception basis only.

The engagement of an independent contractor for personal or professional services is generally covered by VMRF's standard purchase order form and standard terms and conditions of purchase.

#### 3. VA Employees

An individual who is a VA employee cannot be retained as an independent contractor. VMRF policy provides that an employee's VA and private interests must be separated and that VMRF must be safeguarded against charges of favoritism in the purchase of goods and services.

#### 4. VMRF account code

*All Independent Contractor Services are to be charged to VMRF account code 5930 Consultant Services.*

#### 5. Purchase Order

All completed purchase order forms, including the Independent Contractor Checklist, must contain the following information:

- a) The name and social security number of the individual performing the services.
- b) A description, in appropriate detail, of the services to be performed;

- c) Where the work will be performed:
- e) When the work will be performed;
- f) Whether VASDHS supplies or equipment will be used;
- g) The amount of payment requested by the independent contractor and the method of computation, i.e., by the hour, day, or job (the number of hours and days should be included), if applicable:
- h) A total not to exceed dollar amount;
- i) Whether the individual is a U.S. citizen.

## **6. Payment for Services**

No payment for services may be authorized until the following conditions have been met:

- a) All agreements have been executed, and
- b) All the required documents have been received and approved.

## **7. Invoice**

Invoices must contain the following information:

- a) Purchase order number;
- b) Social security;
- c) Remit to address;
- d) Payment terms;
- e) Description of service; and
- f) Period of performance.
- g) The following statement must be included: I am aware that Federal Law (18USC, section 209) prohibits any individual from accepting compensation from any source for effort that is already being paid for by the Department of Veterans Affairs or any other federal source. Acceptance of this independent contractor agreement with VMRF does not involve dual compensation for effort that is already being paid for by the Department of Veterans Affairs or any other federal source.
- h) Each invoice must be signed by the Independent Contractor.
- i) Each invoice must be approved by the Principal Investigator or his designee.

## **8. Tax Withholding and Reporting**

VMRF has no obligation to withhold income or FICA taxes on amounts paid to an independent contractor. However, if an independent contractor does not furnish a correct social security number, the backup withholding rules require that income tax be withheld at a rate of 31%.

If payments in the aggregate to an independent contractor total \$600 or more during a calendar year, payments must be reported on Form 1099-MISC, Miscellaneous Income.