



Research Services  
Lake Shore Campus  
1032 W. Sheridan Road | Chicago, Illinois 60660

Version July, 2019

## Independent Contractor (IC) Process:

Worker classification is important because it determines if Loyola must withhold income taxes and pay Social Security, Medicare taxes and Unemployment tax on wages paid to an employee. Normally, we do not have to withhold or pay any taxes on payments to independent contractors. The earnings of a person working as an independent contractor are subject to self-employment tax.

The general rule is that an individual is an independent contractor if the Loyola's Principal Investigator (PI) has the right to control, direct only the result of the work, not what will be done, or how it will be done.

For the above reasons, the university needs to ensure that the correct designation for the individual to be paid is that of an IC and not an employee.

### STARTING THE PROCESS

1. - Prepare and submit workers classification form to Accounts Payable to confirm and/or determine the worker classification.  
<https://www.luc.edu/finance/forms>

2.-If the amount to be paid is or over \$5,000 you are required to prepare and submit the Purchasing checklist and Bidding form. The form and instructions can be found here: <https://www.luc.edu/purchasing/resources/purchasingchecklistinstructions>.

Please feel free to contact Purchasing for further assistance with this form.

In both cases contact the Research Administrator assigned to your unit to assist with the IC agreement preparation. The Agreement needs to be signed by the IC and countered signed by the ORS authorized signing official – **not the Principal investigator**.

### INFORMATION REQUIRED FOR THE IC TO BE PAID. PLEASE PROVIDE THE FOLLOWING:

NAME  
ADDRESS  
CITY, STATE  
TELEPHONE  
EMAIL  
FEIN (if available please provide)

### START AND END DATE FOR SERVICE(S) TO BE PERFORMED:

*Services have to be rendered within the grant/budget period of the award*

### AMOUNT TO BE PAID TO EACH OF THE CONSULTANTS:

*Needs to be in the approved budget*

### BRIEF AND CONCISE SCOPE OF SERVICES TO BE PERFORMED:

- Why are we paying them? Explain the services the IC will provide.*
- What will they be doing?*
- Is there any type of a report or other deliverable that the PI (Principal Investigator) requires? If so, frequency?*

### PAYMENT SCHEDULE:

*What is the basis in determining the amount to be paid? (Hourly-day rate, fair market value, etc.)  
Depending upon the length of the IC agreement, the payment schedule can either be a scheduled payment with a set amount or monthly invoicing. The IC cannot receive full payment until ALL services are delivered and PI has approved. The last and final payment should be made upon receipt of all deliverable(s).*

*Make sure to establish the maximum amount to be paid each period, it can be less, but not more. For example: the maximum amount to be paid from this agreement is \$5,000 (50 hours at \$100 per hour), if the IC only worked 45 - then we will pay him/her \$4,500 and not \$5,000 - less than the max amount, never more.*

*Another possibility: if it is a workshop with a one-time payment at the end of the workshop/deliverable.*

### FOR FURTHER INFORMATION, PLEASE SEE THE FOLLOWING LINK:

<http://www.luc.edu/ors/payingindividuals.shtml>