**Statutory Employee**

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**What is a Statutory Employee?**

A statutory employee is an independent contractor that is treated as an employee by law. A regular employee would not be considered an independent contractor. A statutory employee does not provide his or her own materials, other than transportation. To qualify as a statutory employee, they must fall under four categories and meet three conditions in regards to Social Securities and Medicare taxes.

**How to be a Statutory Employee**

First category is a **driver,** who distributes beverages that does **not include milk,** meat or vegetables, or bakery products. Also includes an individual that picks up and delivers laundry or dry cleaning. **(Driver is your agent or is paid on commission)**

 Second category is a **Full-Time Insurance sales agent**. The agent business activity is in regards of selling life insurance or annuity contracts for one life insurance company.

 Third category is an individual who **works at home**. The individual works on material or goods that an employer supplies which will be returned back to the employer or to a person of the employer’s choosing. Also included if the employer provides specifications for the work to be done.

 Fourth category is a **full time traveling or city salesperson.** This individual works on the employer’s behalf to close orders from Wholesalers, Retailers, Contractors, restaurants, or similar establishments. The orders must be merchandise for **resale** or supply purposes for **operation use**.

 **First condition** is that the service contract states or implies that the service will be **performed personally** by the employee.

 Second condition is that the **employee does not have** substantial **investment** in the equipment and property used to perform the service

 Third condition is that the services are performed on a **consistent** basis for the **same payer**.

Upon meeting one of the categories and all three of the conditions you will be eligible to be considered as a statutory employee. As a statutory employee their Social Security and Medicare taxes will be withheld.

**Benefits of Being a Statutory Employee**

Most of the benefits from being a statutory employee is in regards to tax. Being a statutory employee enables the use of schedule C deductions instead of schedule A. This is used for the unreimbursed business expenses. Additional to the schedule C benefits, an employee will only worry about having to pay for half of their Medicare and social security taxes.

**Draft to Employer/HR**

(DATE)

To Employer/HR,

 My name is \_\_\_\_\_ and I am currently an enlisted employee for your company. I am requesting to change my entitlement to statutory employee. I have read the qualifications of being a statutory employee and feel that in my line of work that I am qualified. I am writing this letter to inquire on how I can go about the process to change my entitlement. If we are in any disagreement please inform me on why I am not eligible to be qualified as a Statutory employee

Regards,

Employee