

DENTAL TEMPS & THE INDEPENDENT CONTRACTOR: KNOW THE DIFFERENCE



Should you work in a dental office as a temp or independent contractor? The tasks and functions of a dental professional are identical no matter how you're classified, but your compensation, payroll schedule, and year-end tax filings can be very different.

Dental staffing agencies have several ways of placing dental professionals in dental offices.



AN EMPLOYEE OF THE AGENCY

The agency hires the dental professional as an employee of the staffing agency and schedules the dental professional at dental offices. The staffing agency is responsible for paying the dental professional on a regular schedule, including payment of employer taxes and handling of unemployment claims. The dental professional is also covered under the agency's liability insurance, may accrue sick time and be eligible for additional benefits.



A REFERRAL FROM THE AGENCY

The staffing agency can refer the dental professional to a dental office. The dental office pays the dental professional directly, based on the office's payroll schedule. Any unemployment claim would be against the dental office and the dental office is responsible for any employer payroll taxes. The dental professional would typically not accrue any sick time and is not eligible for additional benefits.



AN INDEPENDENT CONTRACTOR

There are times when a staffing agency refers the dental professional to a dental office, but the dental office decides to classify the dental professional as an **Independent Contractor**. Some offices will do this to save on payroll taxes, while others do it because it is easier than placing the dental professional on their payroll. When working as an Independent Contractor, the employer's share of payroll taxes become the responsibility of the dental professional, reducing their pay by 7.65%. For example, if a dental professional earns \$45/hour working as an Independent Contractor, their pay is effectively reduced by \$3.44/hour due to the additional taxes the dental professional will need to pay.

AN EMPLOYEE OF AGENCY

REFERRED BY AGENCY

INDEPENDENT CONTRACTOR



EMPLOYER LIABILITY

When a dental staffing agency handles payroll, you're considered an employee of the staffing agency. The staffing agency becomes your **Employer of Record**. The staffing agency is responsible for background checks, 19 forms, validating all licenses, and handling unemployment claims. The staffing agency should cover you under their worker's comp and liability insurance.

When a dental staffing agency refers you to a dental office, the dental office handles payroll and you are considered the dental office's employee. The dental office becomes your **Employer of Record**. They assume all risk, validate compliance, and handle liability responsibilities. The dental staffing agency should assist the dental office with any compliance issues.

At times, a dental staffing agency might refer you to an office that decides to treat the dental professional as an Independent Contractor. Dental professionals working as Independent Contractors must assume all contract responsibility and liability throughout their employment at the dental office. The dental professional becomes their own **Employer of Record**.



PAYROLL

As an employee of the staffing agency, it is the agency's responsibility to pay all employees on a regular schedule, either weekly or bi-weekly. If there is an issue with your pay, you only deal with the staffing agency for a resolution.

As a referred temp to a dental office, you are an employee of the dental office. It is the dental office's responsibility to pay you on a regular schedule, either weekly or bi-weekly. If there is an issue with your pay, it is the dental office's responsibility to provide a resolution. A reputable dental staffing agency would work as your advocate to resolve any issues with the dental office.

Independent Contractors get paid based on the office's accounting schedule. Sometimes they get paid sooner than temporary workers. If there is an issue with your pay, it is the dental office's responsibility to provide a resolution. A reputable dental staffing agency would work as your advocate to resolve any issues with the dental office.



TAX BURDEN

As an employee of the staffing agency, the staffing agency will send you a W-2 form at the end of the year for tax purposes. The **staffing agency** is responsible for paying the employer's share of payroll taxes.

As an employee of the dental office, the **dental office** will send you a W-2 form at the end of the year for tax purposes. The dental office is responsible for paying the employer's share of payroll taxes. You would receive multiple W2's if you worked for multiple dental offices.

As an Independent Contractor, each dental office you worked with will send you a 1099 Form at the end of the year. As your own Employer of Record, **you** are responsible for the employer's payroll tax share. This will increase your taxes. At a minimum, you will be responsible for the employer's share of Social Security and Medicare contributions. As an IC, you will pay an additional 7.65% in taxes. **For example**, if you earn \$45/hour, this means you will pay an additional \$3.44/hour in payroll taxes.



INJURIES

As an employee of the staffing agency, you are covered under the agency's liability and worker's compensation and worker's compensation insurance. The staffing agency will help coordinate any medical assistance or tests required.

As an employee of the dental office, you should be covered under the dental office's liability and worker's compensation insurance. The dental office should coordinate any medical assistance or tests required. A reputable staffing agency can work as your advocate if the necessary medical assistance is not provided.

Working as an Independent Contractor can make you **ineligible** for worker's compensation coverage if hurt on the job. Independent Contractors are typically not covered under the employer's worker's compensation insurance policy.

UNEMPLOYMENT COMPENSATION

Working as an Independent Contractor can make you ineligible for unemployment compensation.



WOULD YOU QUALIFY AS AN INDEPENDENT CONTRACTOR?

When it comes to worker's classifications, the IRS classifies all workers as employees unless they can meet the specific guidelines outlined in their Independent Contractor "ABC" Test. A worker can be classified as an Independent Contractor if they meet all three of the following factors:

- The individual must be free from direction and control (work independently) in connection with the performance of the service, both under his or her contract of hire and in fact.
- The individual's service must be performed either outside the usual course of business of the employer or outside all the employer's places of business.
- The individual must be customarily engaged in an independently established trade, occupation, profession or business of the same nature as the service performed.