

Contractor responsibility

After Jan. 1, 2009, contractors are obligated to verify that the workers with whom they enter into agreements as independent contractors have a current ICEC. For purposes of the state's workers' compensation, unemployment insurance, wage and hour and occupational safety and health laws, workers without current exemption certificates will be employees of the contractors for whom they are working, unless another exemption applies to them.

The DLI will maintain a list of certificate holders on its Web site. Once issued, the ICEC will be available for download at www.doli.state.mn.us/ic. Contractors can access the site to verify a worker's status and will be required to maintain a copy of the certificates for five years.

Penalties

Individuals and contractors who fail to comply with the law are subject to a penalty of up to \$5,000 for each violation and will be reported to other state agencies for possible further action.

Contact information

For exemption certificate application materials, to verify an employee's status as an independent contractor and a list of frequently asked questions visit

www.doli.state.mn.us/ic

To contact the DLI for more information about the exemption certificate:

- e-mail: dli.ic@state.mn.us
- phone: (651) 284-5074
- fax: (651) 284-5749

Additional resources for independent contractors:

Minnesota Department of Labor and Industry
Workers' Compensation Division
Web site: www.doli.state.mn.us/indpcont
Phone: 1-800-342-5354

Minnesota Department of Employment
and Economic Development
Unemployment Insurance Division
Web site:
www.uimn.org/tax/hdbook/ind_contractor.htm

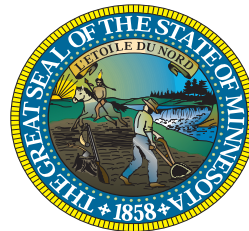
Minnesota Department of Revenue
Web site: www.taxes.state.mn.us
Phone: (651) 282-9999

US Internal Revenue Service
Web site: www.irs.gov
Phone: 1-800-829-1040

This document can be provided in different forms, such as large print, Braille or audiotape, by calling (651) 284-5005 or (651) 297-4198/TTY.

This brochure is also available in the following languages:

- Spanish (Español)
- Hmong (Hmoob)
- Russian (Russkiy yazyk)



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443 Lafayette Road N.
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www.doli.state.mn.us



MINNESOTA DEPARTMENT OF
LABOR & INDUSTRY

INDEPENDENT CONTRACTOR EXEMPTION CERTIFICATE

Follow this guide to help
assess your eligibility for
the Independent Contractor
Exemption Certificate

WWW.DOLI.STATE.MN.US/IC

A statewide requirement

Beginning Jan. 1, 2009, to work as an independent contractor in public or private commercial or residential building construction, an individual must have a current Independent Contractor Exemption Certificate (ICEC) issued by the Minnesota Department of Labor and Industry (DLI). This new requirement applies only to individuals, not corporations, partnerships or LLCs.

An ICEC permits an individual to work as an independent contractor. A certificate holder, however, may work as either an independent contractor or as an employee. Whether a certificate holder is working as an employee or an independent contractor will depend on the conditions of the particular work relationship. To work as an independent contractor, in addition to having an ICEC, the conditions of the work relationship must meet the nine-factor test.

Apply for a certificate

Applications for the ICEC will be available at www.doli.state.mn.us/ic beginning Sept. 1, 2008.

The application and renewal fee for the ICEC is \$150. Applications may be submitted by mail or fax and will be granted or denied within 30 days after they are received by the DLI. The ICEC must be renewed every two years.

Nine-factor test: Are you an independent contractor?

To be an independent contractor, in addition to having an ICEC, an individual must meet the conditions set out in all of the following factors.

- maintains a separate business with the individual's own office, equipment, materials and other facilities;
- holds or has applied for a federal employer identification number or has filed business or self employment income tax returns with the federal Internal Revenue Service if the person has performed services in the previous year for which the individual is seeking the ICEC;
- operates under contracts to perform specific services for specific amounts of money and under which the individual controls the means of performing the services;
- incurs the main expenses related to the service the individual performs under contract;
- is responsible for the satisfactory completion of services that the individual contracts to perform and is liable for failure to complete the service;
- receives compensation for service performed under a contract on a commission or per-job or competitive bid basis and not on any other basis;
- may realize a profit or suffer a loss under contract to perform service;
- has continuing or recurring business liabilities or obligations; and
- the success or failure of the individual's business depends on the relationship of the business receipts to expenditures.

To determine eligibility for an ICEC, individuals will be required to submit as part of their application, information and documentation showing they meet the above nine factors.

The Independent Contractor Exemption Certificate application will be available beginning Sept. 1, 2008, at www.doli.state.mn.us/ic.

