

# **Sunrise Finance & Consulting**

## **Small Business Guide Library**

### **Hiring 1099 Contractors: Tax and Compliance Tips**

Independent contractors offer flexibility—but misclassification penalties are steep.

#### **Classification Test**

IRS uses behavioral, financial, and relationship factors. Ensure contractors control how work is done and supply their own tools.

#### **Onboarding Checklist**

- Signed contractor agreement.
- Form W 9 (get TIN).
- Verify insurance if needed.

#### **Payments & Reporting**

Track totals. Issue Form 1099 NEC by Jan 31 for  $\geq$  \$600.

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