

Independent Contractors

Who is an independent contractor?

An independent contractor, also known as a freelancer, is **self-employed** and contracted to perform work for or - provide services to - another business/person as a non-employee. Both parties enter into a contract that clearly defines the contractor's duties, pay, type of work, amount of work, and more. An independent contractor receives all profits and is held liable for all losses and debts.

How do you start working as an independent contractor?

As an independent contractor, you will be working for yourself. You may need to leverage your own skills, establish expertise, market yourself, network, and more. Think about what you are good at doing or what you enjoy and how you can get people to pay you.

Many professions fall under the independent contracting umbrella. There are professional service providers such as accountants, doctors, computer programmers, photographers, and more. Some professional services require certifications or special licenses. Individuals can also participate in the gig economy, such as selling products or services online, freelance writing, web design, or musician, and more. Some of these opportunities can be found online through job posting sites, such as Indeed and ZipRecruiter. These postings could include words such as "independent contractor," "1099," "contracting," and "flexible,"

There are many resources to support people in starting, operating, or growing as independent contractors, including business training, financing, and other services, which are listed below under **Resources about Independent Contractors**.

How do I formalize a contract with a business?

An independent contractor will provide each entity they do business with a written contract. This contract will outline the services, fees, and duration of the relationship. An independent contractor will provide invoices to get paid. Many templates of [contracts](#) and [invoices](#) exist online.

*To learn more about independent contractors and other ways of making income, check out **New York State Youth Leadership Council's The Non-Citizen's Guide to Entrepreneurship** at <https://www.nysylc.org/getpaid>.*

How do independent contractors pay taxes?

When an individual works for themselves there are no deductions from their paycheck for income taxes, social security, or Medicare. Independent contractors must pay the self-employment tax, which is the combined tax of the federal and state income tax, Medicare, and social security. An independent contractor may use an Individual Taxpayer Identification Number (“ITIN”) to file and pay taxes. An individual or entity is not required to obtain an I-9 or otherwise inquire about immigration status from an independent contractor. Instead, an independent contractor would submit a [W-9 Form](#). An individual can use a Social Security Number or ITIN number to fill out the W-9.

A client must file out a 1099 Form for each independent contractor paid more than \$600. At the end of the year, a copy of 1099 is mailed to the independent contractor, and they are responsible for paying taxes thereafter. An independent contractor will report self-employment tax through Form 1040. Business expenses can be deducted from an independent contractor’s earnings. Common business expenses include advertising, insurance, professional services, office supplies, travel cost, and repairs.

What are the immigration implications of being an independent contractor?

It is important to consider the legal aspects of earning a living as an independent contractor without work authorization. However, **employers do not need to check the work authorization or inquire about the immigration status** of independent contractors. Thus, independent contracting is a way for people who don’t have a work permit to work. Under the Immigration Reform and Control Act of 1986, it is illegal to **knowingly** employ unauthorized workers. Employers are required to check the work authorization of employees and can face fines and penalties for failing to do so or for hiring employees who they know do not have work authorization.

All immigrants regardless of legal status are able to earn a living as independent contractors by using an [ITIN number](#). For immigrant workers, working without a permit can have certain impacts on eligibility for visas and permanent resident status. However, for undocumented people, who already face barriers, working without a permit will usually not create additional barriers. To learn more about the immigration impacts of working without a permit, please watch the Options for UndocuWorking Presentation at <https://www.nysylc.org/getpaid>.

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Resources about Independent Contractors

The Non-Citizen’s Guide to Entrepreneurship by New York State Youth Leadership Council

(<https://www.nysylc.org/getpaid>): Independent Contractor on pages 59–64.

Immigrant Rising

(<https://immigrantsrising.org/resource/overview/>): Online resources and tools for entrepreneurship and freelancing, including information on legal structures, financial management, and tax.

Contractor Training Center Step-By-Step Guide

(<https://contractortrainingcenter.com/blogs/licensing/how-to-become-an-independent-contractor-a-step-by-step-guide>).

Freelancer’s Hub

(<https://www.freelancersunion.org/community/freelancers-hub/>): NYC workshop and services for independent contractors, including a healthcare program.

Income Generation Options for Undocumented Students Toolkit

(<https://grad.ucla.edu/asis/stusup/incomeoptionsundocstdntstoolkit.pdf>)

Resources about UndocuWorking:

New York State Youth Leadership Council’s *Making Money* (<https://www.nysylc.org/getpaid>)

CUNY Resources:

- www.cuny.edu/undocu: Scholarships; resources for career & graduate school; and public and government based resources
- www.cuny.edu/immigrant: Contact information for CUNY liaisons, centers, and leadership; policies that impact undocumented and immigrant students; FAQ for immigrant CUNY students
- www.cuny.edu/nysda: video and written guides for the New York State Dream Act including CUNY support to get your TAP funds

To learn more about independent contractors and other ways of making income, check out **New York State Youth Leadership Council’s *The Non-Citizen’s Guide to Entrepreneurship*** at <https://www.nysylc.org/getpaid>.