

MN CONSTRUCTION CONTRACTOR COMPLIANCE CHECKLIST

Effective March 1, 2025 | Comply with Minn. Stat. § 181.723

INDEPENDENT CONTRACTOR 14-POINT COMPLIANCE TEST

Contractors MUST meet ALL of the following:

1. Maintains a separate business with its own office, equipment, materials
2. Has an FEIN or filed business/self-employment taxes
3. Operates under specific contracts for services
4. Responsible for completing the work
5. Free to work for others or the public
6. Pays own expenses
7. Controls the means and methods of work
8. Paid by bid, commission, or per-job
9. Controls own schedule
10. Incurs profit/loss risk
11. Has continuing liabilities
12. Relies on managerial skills
13. Maintains required licenses
14. Complies with all relevant tax laws

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CONTRACTOR QUICK CHECKLIST

Before hiring any 1099 contractor, VERIFY the following:

- Signed contract
- EIN or Tax ID
- Business license
- Proof of insurance
- Owns/leases equipment
- No cash payments
- Controls work methods
- Tax filing history
- Works for multiple clients

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RED FLAGS FOR W-2 STATUS

- You control work hours or tools
- No license or insurance
- Hourly wages
- Only works for you
- No contract
- No tax ID

PENALTIES

- Up to \$10,000 per violation
- Stop-work orders
- Disqualification from public jobs
- Liable for back taxes, wages, benefits



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PRO TIP FROM DANNY:

Treat compliance like insurance: You don't need it until you really need it.

Need help verifying your contractor setup?

Beech Agency | dan@beechagency.com | 612-743-9964