

W-2 vs. 1099 at a Glance

	W-2 Employee	1099 Contractor
Who directs the work	Employer sets schedule, tools, and methods	Worker controls how and when work gets done
Tax withholding	Employer withholds income tax and the employee share of FICA; pays the employer share of FICA and unemployment taxes	Worker pays self-employment tax directly
Tax form issued	Form W-2	Form 1099-NEC (if paid \$2,000+ in 2026; \$600+ for 2025 payments)
Benefits eligibility	Often eligible (health insurance, PTO, retirement)	Not eligible through the hiring business
Unemployment & workers' comp	Employer typically provides	Not provided
Relationship length	Usually ongoing	Usually project-based or fixed-term
Who provides equipment	Typically the employer	Typically the contractor
Financial risk	None; paid regular wage or salary	Bears risk of profit or loss on the work

