

Using Machine Learning to Predict Outcomes in Tax Law

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LEGAL

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WHAT WE'LL COVER TODAY

THE EVOLUTION OF TAX LAW RESEARCH

APPLYING MACHINE LEARNING TO TAX LAW

HOW TAX PRACTITIONERS ARE
BENEFITING

ADVANCED SOFTWARE IN ACTION

HARVARD LAW REVIEW.

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THE PATH OF THE LAW.¹

WHEN we study law we are not studying a mystery but a well known profession. We are studying what we shall want in order to appear before judges, or to advise people in such a way as to keep them out of court. The reason why it is a profession, why people will pay lawyers to argue for them or to advise them, is that in societies like ours the command of the public force is intrusted to the judges in certain cases, and the whole power of the state will be put forth, if necessary, to carry out their judgments and decrees. People want to know under what circumstances and how far they will run the risk of coming against what is so much stronger than themselves, and hence it becomes a business to find out when this danger is to be feared. The object of our study, then, is prediction, the prediction of the incidence of the public force through the instrumentality of the courts.

The means of the study are a body of reports, of treatises, and of statutes, in this country and in England, extending back for six hundred years, and now increasing annually by hundreds. In these sibylline leaves are gathered the scattered prophecies of the past upon the cases in which the axe will fall. These are what properly have been called the oracles of the law. Far the most important and pretty nearly the whole meaning of every new effort of legal thought is to make these prophecies more precise, and to

¹ An Address delivered by Mr. Justice Holmes, of the Supreme Judicial Court of Massachusetts, at the dedication of the new hall of the Boston University School of Law, on January 8, 1897. Copyrighted by O. W. Holmes, 1897.



“For the rational study of the law the black-letter man may be the man of the present, but the man of the future is the man of statistics and the master of economics.”

— Oliver Wendell Holmes Jr.,
“The Path of the Law” (1897)

We've entered the computational era of tax research.

ANALOG

1800s-1970s

- Books
- Journals
- Reporters
- Loose-leaf
- Publications

BENEFIT

Information can be shared in hard-copy libraries

CHALLENGE

Scattered sources, incomplete information, limited copies

DIGITAL

1970s-2010s

- DVDs
- Cloud-based libraries
- Mobile applications

BENEFIT

Information is centralized, easy to access

CHALLENGE

Catch-22: increased information makes comprehensive understanding more difficult

COMPUTATIONAL

2015-Present

- Predictive analytics
- Machine learning
- Artificial intelligence

BENEFIT

Information is synthesized, can extract insights out of data

CHALLENGE

It's just the beginning

Artificial Intelligence (AI)

Machines performing intelligent behavior.

Artificial Intelligence

Machines performing intelligent behavior.

Machine Learning (ML)

A subfield of artificial intelligence that enables systems to learn without being explicitly programmed.



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Machine learning applied in a tax context

A fact-intensive question of tax law is identified.

Important factors are drawn from the case law.

Unstructured data is turned into structured data.

Machine learning is applied to generate a **predictive algorithm**.

Traditional Approach

Input: Facts
Determined by tax authorities



Mapping Function
Administrative Guidance / Cases
Used by tax authorities in assessing



Output: Assessment
Tax consequences that follow from combination of facts and guidance

Machine Learning

Input: Test-facts
Assumed by the user
Entered into system



Mapping Function
Machine Learning
Trained to replicate how courts decide



Output: Prediction
Forecast of tax result with textual explanation and supporting case law



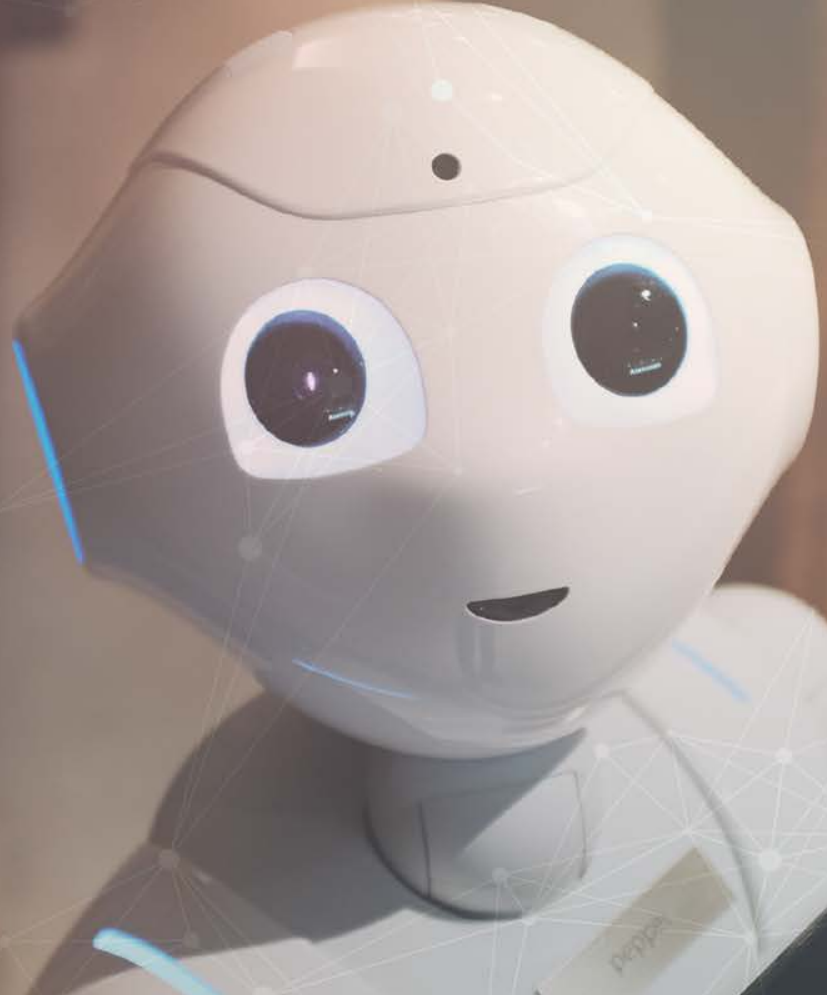
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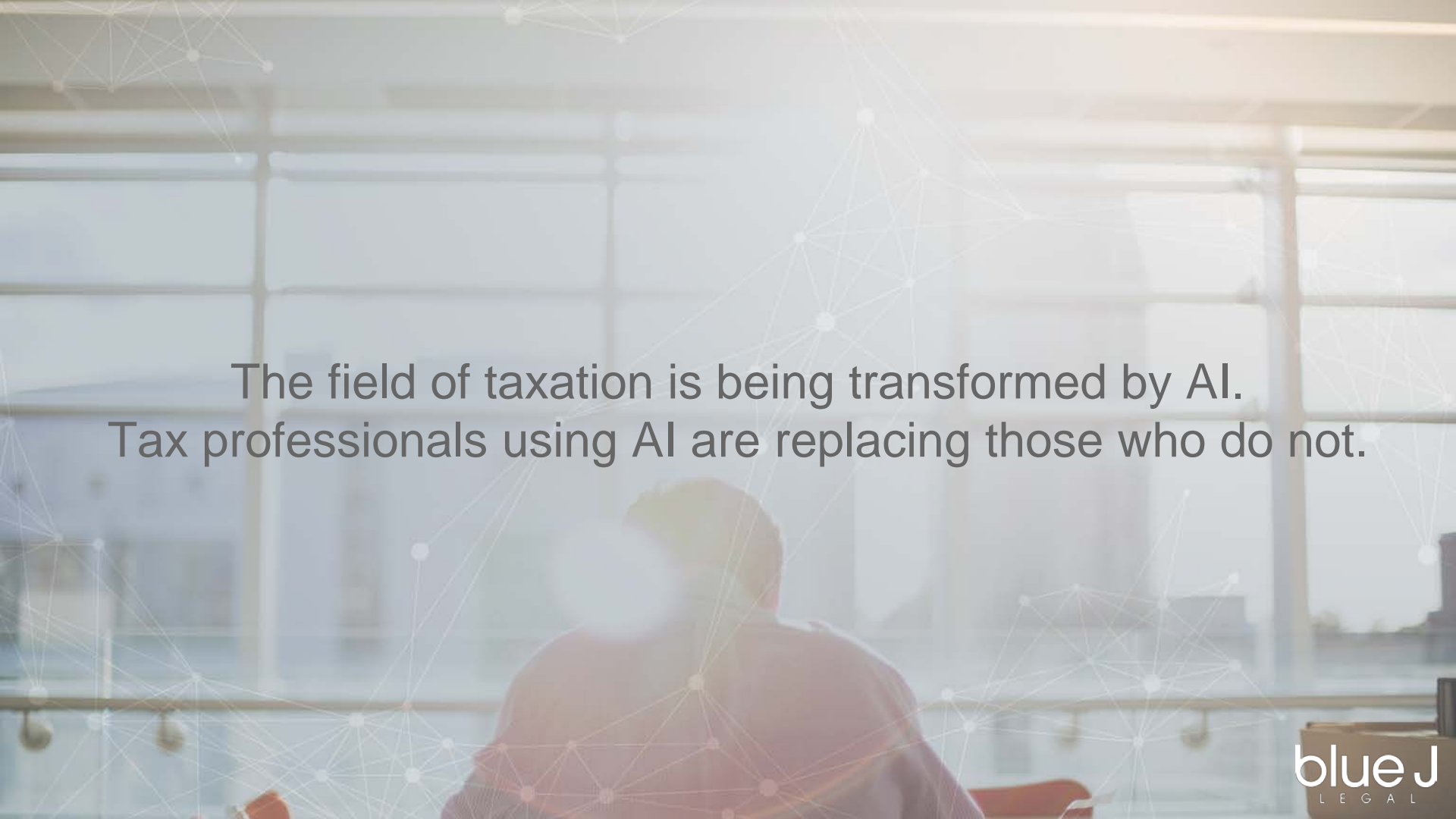
ADVANCED SOFTWARE IN ACTION

A white humanoid robot with large, expressive blue eyes and a friendly expression. It has a name tag on its chest that says "Pepper". The robot is holding a tablet. The background is a warm, wooden interior with a network of white lines and dots overlaid on the scene, suggesting a digital or AI theme.

Will AI replace
tax practitioners?



Forty years ago, a \$99 piece of software transformed the accounting profession.

A person is seen from behind, sitting at a desk in a modern office with large windows. The scene is overlaid with a network diagram consisting of white dots connected by thin lines, creating a web-like pattern across the image. The lighting is bright and airy, suggesting a high-tech or professional environment.

The field of taxation is being transformed by AI.
Tax professionals using AI are replacing those who do not.

Key benefits of adopting AI



Accuracy



Interpretability



Efficiency



Consistency



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HOW TAX PRACTITIONERS ARE
BENEFITING

ADVANCED SOFTWARE IN ACTION



Canada Revenue
Agency

Agence du revenu
du Canada

Employee or Self-employed?

Table of contents

	Page		Page
Before you start	4	Online services	10
Employee or self-employed worker?	4	My Account.....	10
Employment insurance for self-employed individuals	4	Receiving your CRA mail online.....	10
Requesting a ruling	4	Handling business taxes online.....	10
Time limit for requesting a ruling	4	CRA BizApp.....	10
Filing an appeal	4	Receiving your CRA mail online.....	10
Employment status	5	Authorizing the withdrawal of a pre-determined amount from your bank account.....	10
Deciding a worker's employment status in a province or territory other than Quebec	5	Electronic payments	10
Factors to consider	5	For more information	11
Control.....	5	What if you need help?	11
Tools and equipment	6	Direct deposit.....	11
Subcontracting work or hiring assistants	6	Forms and publications	11
Financial risk	7	Electronic mailing lists	11
Responsibility for investment and management	7	Tax Information Phone Service (TIPS)	11
Opportunity for profit	7	Teletypewriter (TTY) users	11
Deciding a worker's employment status in the province of Quebec	8	Court decisions.....	11
Factors to consider	8	Legislative references	11
Carrying out the work	8	Legal material	11
Remuneration	8	Interpretive articles.....	11
Relationship of subordination.....	8	Tax centres.....	11
Special situations	9	Complaints and disputes.....	11
Have you received a CPP/EI ruling?	9	Service-related complaints	11
		Formal disputes (objections and appeals).....	12
		Reprisal complaints	12
		Due dates.....	12

Before you start

Employee or self-employed worker?

It is important to decide whether a worker is an **employee** or a **self-employed individual**. Employment status directly affects a person's entitlement to employment insurance (EI) benefits under the Employment Insurance Act. It can also have an impact on how a worker is treated under other legislation such as the Canada Pension Plan and the Income Tax Act.

The facts of the working relationship as a whole decide the employment status.

In an employer-employee relationship, the payer is considered an employer and the worker an employee. Employers are responsible for deducting Canada Pension Plan (CPP) contributions, EI premiums, and income tax from remuneration or other amounts they pay to their employees. Employers must remit these deductions along with their share of CPP contributions and EI premiums to the Canada Revenue Agency (CRA).

An employer who fails to deduct the required CPP contributions or EI premiums has to pay both the employer's share and the employee's share of any contributions and premiums owing, plus penalties and interest. For more information, go to canada.ca/payroll.

Note

Non-arm's length relationship – If an employee is not dealing at arm's length with the employer, it is possible that his or her employment is not insurable under the Employment Insurance Act. For more information, read the interpretive article on this subject at canada.ca/cpp-ei-explained.

If the worker is a **self-employed individual**, he or she must operate a business and be engaged in a business relationship with the payer.

For more information, go to canada.ca/en/services/business/taxes.html

employment is pensionable or insurable. If you have a payroll program account and are registered on My Business Account, you can use the "Request a CPP/EI ruling" service in My Business Account at canada.ca/my-cra-business-account.

An authorized representative for the payer can request a ruling electronically in Represent a Client at canada.ca/taxes-representatives.

A payer or a worker can request a ruling by sending a letter or a filled out Form CPT1, Request for a Ruling as to the Status of a Worker Under the Canada Pension Plan and/or the Employment Insurance Act, to their tax services office. You can get this form at canada.ca/cra-forms or by calling 1-800-959-5525. For a list of our tax services offices, go to canada.ca/cra-offices.

You can get more employer information by reading "Employer responsibilities – The payroll steps" at canada.ca/en/revenue-agency/services/tax/businesses/topics/payroll/payroll-overview/employer-responsibilities-payroll-steps.html.

Note

This guide **does not replace** a formal request for a ruling.

Time limit for requesting a ruling

A worker or a payer can request a ruling **before** June 30 of the year following the year to which the question relates. For example, if the employment took place in 2018, the ruling request has to be made before June 30, 2019.

Filing an appeal

If a CPP/EI ruling has been issued and the worker or payer does not agree with the decision, either party has the right to file an appeal within 90 days after being notified of the CPP/EI ruling.

If a CPP/EI payroll deductions assessment has been issued, the payer has the right to file an appeal within 90 days after

Act, to appeal a payroll deductions assessment

- write to the chief of appeals at your tax services office or tax centre explaining why you do not agree with the ruling or payroll deductions assessment and provide all relevant facts. Include a copy of the CPP/EI ruling letter or payroll deductions assessment. The addresses of our tax services offices are available at canada.ca/cra-offices. The addresses of our tax centres are listed at page 11 of this guide

For more information on how to appeal a CPP/EI ruling decision or a payroll deductions assessment, see Booklet P133, Your Appeal Rights – Canada Pension Plan and Employment Insurance Coverage.

Employment status

Certain factors have to be considered when deciding if a worker is an employee or a self-employed individual.

These factors differ if the contract is formed in the province of Quebec or in any other province or territory. Usually, the province or territory where the contract was formed will decide which set of factors to use.

Note

In a written contract, the parties may state that in the event of a disagreement about the contents of the contract, it is to be interpreted under the Quebec law (civil code), even though the contract was formed, for example, in Ontario (common law). Depending on where the contract is formed, unless it is stated differently in the written contract, use the set of factors appropriate for your situation.

Deciding a worker's employment status in a province or territory other than Quebec

When we examine whether a person is an employee or a self-employed individual, the key question we ask is whether the person is engaged to carry out services as a person in business on his or her own account, or as an employee. To do this, we examine the total relationship between the worker and the payer, using a two-step approach.

Step 1

We ask the worker and the payer what their intent was when they entered into the working arrangement. Did the two parties intend to enter into a **contract of service** (employer-employee relationship) or did they intend to enter into a **contract for services** (business relationship)?

intent.

Workers and payers can set up their affairs as they see fit; however, the employment status they have chosen must be reflected in the actual terms and conditions of the working relationship.

To decide the parties' intentions, we get a copy of the contract, or testimony by the parties and examine the parties' actions. Both parties' intentions form part of the context that we analyse.

Step 2

We ask the worker and the payer questions that will help us understand the working relationship and allow us to verify whether the intent of the parties is reflected in the facts.

These questions relate to the following elements:

- the level of control the payer has over the worker's activities
- whether the worker or payer provides the tools and equipment
- whether the worker can subcontract the work or hire assistants
- the degree of financial risk the worker takes
- the degree of responsibility for investment and management the worker holds
- the worker's opportunity for profit
- any other relevant factors, such as written contracts

We look at the answers separately for each element and then together.

We consider whether they reflect the stated intention and we decide if the actual working conditions are more consistent with a **contract of service** or with a **contract for services**.

Factors to consider

To help you understand the process, we explain each factor below and show some indicators that the worker may be an employee or a self-employed individual.

Control

Control is the ability, authority, or right of a payer to exercise control over a worker concerning the manner in which the work is done and what work will be done.

Degree of control or independence

Consider the degree of control held by the payer or the degree of independence held by the worker.

relevant, **not** whether the payer actually exercises this right. It is the control of a payer over a worker that is relevant and **not** the control of a payer over the end result of a product or service purchased.

Indicators showing that the worker is an employee

- The relationship is one of subordination. The payer will often direct, scrutinize, and effectively control many elements of how and when the work is carried out.
- The payer controls the worker with respect to both the results of the work and the method used to do the work.
- The payer chooses and controls the method and amount of pay. Salary negotiations may still take place in an employer-employee relationship.
- The payer decides what jobs the worker will do.
- The payer chooses to listen to the worker's suggestions but has the final word.
- The worker requires permission to work for other payers while working for this payer.
- Where the schedule is irregular, priority on the worker's time is an indication of control over the worker.
- The worker receives training or direction from the payer on how to do the work. The overall work environment between the worker and the payer is one of subordination.

Indicators showing that the worker is a self-employed individual

- A self-employed individual usually works independently.
- The worker does not have anyone overseeing his or her activities.
- The worker is usually free to work when and for whom he or she chooses and may provide his or her services to different payers at the same time.
- The worker can accept or refuse work from the payer.
- The working relationship between the payer and the worker does **not** present a degree of continuity, loyalty, security, subordination, or integration, all of which are generally associated with an employer-employee relationship.

Tools and equipment can vary widely in terms of value and can include everything from wrenches and hammers, to specialized clothing, appliances, stethoscopes, musical instruments, computers, and vehicles such as trucks and tractors.

Self-employed individuals often supply the tools and equipment required for a contract. As a result, the ownership of tools and equipment by a worker is more commonly associated with a business relationship.

However, employees sometimes also have to provide their own tools. The courts have acknowledged that because a worker is required to provide tools of the trade, this does not in itself mean that the worker is a self-employed individual. For example, many skilled tradespeople such as auto mechanics have to supply their own tools, even if they are full-time employees.

Indicators showing that the worker is an employee

- The payer supplies most of the tools and equipment the worker needs. In addition, the payer is responsible for repair, maintenance, and insurance costs.
- The payer retains the right of use over the tools and equipment provided to the worker.
- The worker supplies the tools and equipment and the payer reimburses the worker for their use.

Indicators showing that the worker is a self-employed individual

- The worker provides the tools and equipment needed for the work. In addition, the worker is responsible for the costs of repairs, insurance, and maintenance to the tools and equipment.
- The worker has made a significant investment in the tools and equipment and the worker retains the right over the use of these assets.
- The worker supplies his or her own workspace, is responsible for the costs to maintain it, and does substantial work from that site.

Subcontracting work or hiring assistants

Consider if the worker can subcontract work or hire assistants. This factor can help decide a worker's business presence because subcontracting work or hiring assistants can affect their chance of profit and risk of loss.

- The worker cannot hire helpers or assistants.

no specific direction in their daily activities. When examining the factor of control, it is necessary to focus on both the payer's control over the worker's daily activities and the payer's influence over the worker.

Payer's right to exercise control

It is the right of the payer to exercise control that is relevant, **not** whether the payer actually exercises this right.

It is the control of a payer over a worker that is relevant and **not** the control of a payer over the end result of a product or service purchased.

Indicators showing that the worker is an employee

- The relationship is one of subordination. The payer will often direct, scrutinize, and effectively control many elements of how and when the work is carried out.
- The payer controls the worker with respect to both the results of the work and the method used to do the work.
- The payer chooses and controls the method and amount of pay. Salary negotiations may still take place in an employer-employee relationship.
- The payer decides what jobs the worker will do.
- The payer chooses to listen to the worker's suggestions but has the final word.
- The worker requires permission to work for other payers while working for this payer.
- Where the schedule is irregular, priority on the worker's time is an indication of control over the worker.
- The worker receives training or direction from the payer on how to do the work. The overall work environment between the worker and the payer is one of subordination.

Indicators showing that the worker is a self-employed individual

- A self-employed individual usually works independently.
- The worker does not have anyone overseeing his or her activities.
- The worker is usually free to work when and for whom he or she chooses and may provide his or her services to different payers at the same time.
- The worker can accept or refuse work from the payer.
- The working relationship between the payer and the worker does **not** present a degree of continuity, loyalty, security, subordination, or integration, all of which are generally associated with an employer-employee relationship.

and equipment along with the cost of replacement, repair, and insurance. A worker who has made a significant investment is likely to retain a right over the use of these assets, diminishing the payer's control over how the work is carried out. In addition, such a significant investment may place the worker at a risk of a financial loss.

Note

Tools and equipment can vary widely in terms of value and can include everything from wrenches and hammers, to specialized clothing, appliances, stethoscopes, musical instruments, computers, and vehicles such as trucks and tractors.

Self-employed individuals often supply the tools and equipment required for a contract. As a result, the ownership of tools and equipment by a worker is more commonly associated with a business relationship.

However, employees sometimes also have to provide their own tools. The courts have acknowledged that because a worker is required to provide tools of the trade, this does not in itself mean that the worker is a self-employed individual. For example, many skilled tradespeople such as auto mechanics have to supply their own tools, even if they are full-time employees.

Indicators showing that the worker is an employee

- The payer supplies most of the tools and equipment the worker needs. In addition, the payer is responsible for repair, maintenance, and insurance costs.
- The payer retains the right of use over the tools and equipment provided to the worker.
- The worker supplies the tools and equipment and the payer reimburses the worker for their use.

Indicators showing that the worker is a self-employed individual

- The worker provides the tools and equipment needed for the work. In addition, the worker is responsible for the costs of repairs, insurance, and maintenance to the tools and equipment.
- The worker has made a significant investment in the tools and equipment and the worker retains the right over the use of these assets.
- The worker supplies his or her own workspace, is responsible for the costs to maintain it, and does substantial work from that site.

Subcontracting work or hiring assistants

Consider if the worker can subcontract work or hire assistants. This factor can help decide a worker's business presence because subcontracting work or hiring assistants can affect their chance of profit and risk of loss.

The actual degree of control will vary with the type of work and the skills of the worker.

Deciding the degree of control can be difficult when examining the employment of professionals such as engineers, doctors, and IT consultants. Because of their expertise and specialized training, they may require little or no specific direction in their daily activities. When examining the factor of control, it is necessary to focus on both the payer's control over the worker's daily activities and the payer's influence over the worker.

Payer's right to exercise control

It is the right of the payer to exercise control that is relevant, **not** whether the payer actually exercises this right.

It is the control of a payer over a worker that is relevant and **not** the control of a payer over the end result of a product or service that he or she has purchased.

Indicators showing that the worker is an employee

- The payer directs and controls many elements of how the work is done (such as what, who, where, when, and how).
- The payer controls the worker's absences, such as sick leave or vacation leave.
- The payer controls the worker with respect to the results of the work and the method used to do the work.
- The payer creates the work schedule and establishes the worker's rules of conduct.
- The payer can impose disciplinary actions on a worker.
- The worker has to do the work personally.
- The worker has to remit activity reports to the payer.
- The worker's activities are reserved to a single payer (exclusivity of services).
- The worker receives training or direction from the payer on how to do the work.
- The worker accepts being part of the payer's business to have the latter benefit from his work.
- The parties have inserted a non-competition clause in their written contract.

Indicators showing that the worker is a self-employed individual

- The worker is usually free to work when and for whom he or she chooses and may provide his or her services to different payers at the same time.
- The worker does not have to carry out the services personally. He or she can hire another party to either do the work or help do the work.
- The worker can generally choose the time and the manner in which the work will be done.
- The worker does not need to be at the payer's premises.

■ The working relationship between the payer and the worker does **not** present a degree of continuity, loyalty, security, subordination, or integration, all of which are generally associated with an employer-employee relationship.

Note

Since in certain working relationships it can be difficult to decide whether there is a relationship of subordination, we can also take into consideration indicators used in common law, referred to above in Step 2 of the section "Deciding a worker's employment status in a province or territory other than Quebec."

Special situations

Special rules concerning CPP, EI and income tax apply to the following occupations:

- barbers and hairdressers
- taxi drivers and drivers of other passenger-carrying vehicles
- emergency services volunteers
- temporary help services
- caregiver, baby-sitter, or domestic worker
- employees outside of Canada
- fishers
- Indians
- placement and employment agency workers
- seasonal agricultural workers
- special or extra duty pay for police officers

For more information on special situations, see Guide T4001, Employers' Guide – Payroll Deductions and Remittances, or go to canada.ca/payroll.

Have you received a CPP/EI ruling?

If you received a CPP/EI ruling, and if a worker's status has changed from employee to self-employed or from self-employed to employee, we have information that could be of interest to you. To find out more, go to canada.ca/cpp-ei-rulings and click on "Have you received a CPP/EI ruling?"



Sources of Income



WORKER CLASSIFICATION



Is a worker an employee or independent contractor for tax purposes?

[CLASSIFIER](#)
[CASE FINDER](#)
[CASE ANALYTICS](#)


WINDFALL



Is a wagering activity (e.g., a card game or lottery) a business?

[CLASSIFIER](#)
[CASE FINDER](#)
[CASE ANALYTICS](#)


BUSINESS VS PROPERTY: RENTAL



Is rental income received by a taxpayer from real property income from business or income from property?

[CLASSIFIER](#)
[CASE FINDER](#)
[CASE ANALYTICS](#)

Inclusions



TAXABLE BENEFITS



Is an employee benefit received in connection with employment considered to be income for the purposes of the ITA?

[NAVIGATOR](#)


TAXABLE BENEFITS: PRIMARY BENEFICIARY



Is the primary beneficiary of an expenditure the employer or the employee?

[CLASSIFIER](#)
[CASE FINDER](#)
[CASE ANALYTICS](#)

SHAREHOLDER BENEFITS


[Message us](#)

Worker Classifier

Questions answered: 17/17

- Introduction
- 1 Background
- 2 Control
- 3 Ownership
- 4 Risk
- 5 Integration
- 6 Results

Worker Classification: Officers

Workers who are **officers** are deemed to be **employees** pursuant to subsection 248(1) of the *Income Tax Act*. The classifier does not apply to **officers**, and assumes that workers being classified are **not** officers. If a worker is an **officer**, then that worker is automatically deemed to be an **employee** for Canadian tax purposes.

Officers include judges, ministers of the Crown, senators, members of Parliament, members of a legislative assembly, members of a legislative or executive council, Chief Executive Officers, Chief Financial Officers, corporate directors, university professors, liquidators, executors, trustees, and individuals holding similar positions.

This classifier does not apply to **corporations** that provide work services. A **corporation** cannot be characterized as an **employee**. Employees must be individuals. A **corporation** that provides the services of a worker to a hirer may be considered a "personal services business" for Canadian tax purposes if certain statutory criteria are met.

Last updated: October 18, 2019

Less than 1% of users disagree with the result of this classifier.

◀ PREV

RECOMPUTE

NEXT ▶

Recent Cases

Year	Name	Outcome
2019	Ray-Mont Logistiques Montréal Inc. v. MNR, 2019 TCC 144	Taxnet Pro Employee
2019	Venti v. MNR, 2019 TCC 142	Taxnet Pro Independent contractor
2019	Canada Sun Education Inc. v. MNR, 2019 TCC 117	Taxnet Pro Employee

Worker Classifier

Questions answered: 17/17

 [Introduction](#)

1 [Background](#)

 [Control](#)

 [Ownership](#)

 [Risk](#)

 [Integration](#)

 [Results](#)

Background

1.1. What is the worker's profession or occupation? 

construction worker

1.2. How would you describe the hirer's business or activity? 

construction

1.3. At the time of contracting, how did the parties intend to characterize the relationship?   [SKIP](#)

Employer-Employee

Independent Contractor

1.4. How long, in months, has the worker been working for the hirer?  [SKIP](#)

18

← PREV

SAVE

RECOMPUTE

NEXT ▶

Worker Classifier

Questions answered: 17/17

- Introduction
- 1 Background
- 2 Control**
- 3 Ownership
- 4 Risk
- 5 Integration
- 6 Results

2.4. Does the worker set his or her own hours and schedule?

[SKIP](#) Yes No

2.5. Does the worker have the freedom to determine how the work should be done?

[SKIP](#) Yes No

2.6. Is the worker free to work for other people or companies?

[SKIP](#) Yes No

2.7. Can the worker delegate or subcontract work without notifying the hirer?

[SKIP](#) Yes No

Worker Classifier

Questions answered: 17/17

 [Introduction](#)


 [1 Background](#)

 [2 Control](#)

 [3 Ownership](#)

 [4 Risk](#)

 [5 Integration](#)

 [6 Results](#)

Ownership

3.1. Who owns the most important tools that the worker uses while performing services for the hirer?

[SKIP](#)



Worker

Hirer

Both

[← PREV](#)

[SAVE](#)

[RECOMPUTE](#)

[NEXT →](#)

Worker Classifier

Questions answered: 17/17

 Introduction

 1 Background

 2 Control

 3 Ownership

 4 Risk

 5 Integration

 6 Results

Risk

4.1. Other than the loss of work, is the worker personally at risk of loss? (e.g., liability, additional cost of re-doing work that fails to meet client satisfaction, etc.)

[SKIP](#)

Yes

No

4.2. Is the worker reimbursed for work-related travel expenses?

[SKIP](#)

Yes

No

[← PREV](#)[SAVE](#)[RECOMPUTE](#)[NEXT →](#)

Worker Classifier

Questions answered: 17/17

 [Introduction](#)


 [1 Background](#)

 [2 Control](#)

 [3 Ownership](#)

 [4 Risk](#)

 [5 Integration](#)

 [6 Results](#)

Integration

5.1. Where does the worker do most of his or her work?

[SKIP](#)

Hirer's Workplace

Mobile Locations

Worker's Home or Office

5.2. Did the hirer provide the worker with training?

[SKIP](#)

Yes

No

[← PREV](#)[SAVE](#)[RECOMPUTE](#)

Worker Classifier

Questions answered: 17/17

- [Introduction](#)
- 1** [Background](#)
- 2** [Control](#)
- 3** [Ownership](#)
- 4** [Risk](#)
- 5** [Integration](#)
- 6** [Results](#)

Result

Independent contractor

Confidence



Explanation



The evidence in this case points strongly toward a finding that the worker is an independent contractor. Based on the facts provided, it is highly unlikely that a court would characterize this relationship as an employer-employee relationship.

Courts look to the intent of the worker and the hirer when they entered into the working arrangement. Given that there is a contract for services in this case, a court is more likely to find that the worker is an independent contractor.

The lack of control here is a very important factor. Control is the ability, authority, or right of a hirer to exercise control over a worker concerning the manner in which the work is done and what work will be done. The control factors suggest that the worker has a high degree of freedom and autonomy in the work in this case. They strongly point toward a finding that the worker is an independent contractor. Here, the worker has the freedom to turn down work and to determine how the work is to be done. Plus, the worker has autonomy in setting his or her hours and schedule. These are extremely important factors that suggest the worker is an independent contractor.

The ownership of tools and equipment required to accomplish the work is another factor courts will take into account. While the hirer owns the tools and equipment here, this is not a sufficiently important indicator of an employment relationship given the other counterbalancing factors in this case.

If the worker bears little risk of financial loss, then a court is more likely to characterize the relationship as one of employer-employee. The answers provided here suggest that the worker has little risk of loss.

Finally, taking into account the fact the work is done in mobile locations and the length of time the worker has worked for the hirer, the level of integration does not appear to significantly affect the result in this case.

[Less](#) ▲

Worker Classifier

Questions answered: 17/17

- [Introduction](#)
- 1** [Background](#)
- 2** [Control](#)
- 3** [Ownership](#)
- 4** [Risk](#)
- 5** [Integration](#)
- 6** [Results](#)

Explanation



The evidence in this case points strongly toward a finding that the worker is an independent contractor. Based on the facts provided, it is highly unlikely that a court would characterize this relationship as an employer-employee relationship.

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[Less](#) ▲

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Cases with similar factors

Most Similar - All Results



1	S K Manpower Ltd. v. MNR, 2010 TCC 584	Taxnet Pro	Independent contractor	<div style="width: 100%; height: 10px; background-color: orange;"></div>
2	Cozart v. MNR, 2007 TCC 528	Taxnet Pro	Independent contractor	<div style="width: 100%; height: 10px; background-color: orange;"></div>
3	Dean v. MNR, 2012 TCC 370	Taxnet Pro	Employee	<div style="width: 100%; height: 10px; background-color: orange;"></div>

Worker Classifier

Questions answered: 17/17

- [Introduction](#)
- 1** [Background](#)
- [2 Control](#)
- [3 Ownership](#)
- [4 Risk](#)
- [5 Integration](#)
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Cases with similar factors

Most Similar - All Results



1	S K Manpower Ltd. v. MNR, 2010 TCC 584	Taxnet Pro	Independent contractor	<div style="width: 80%;"></div>
2	Cozart v. MNR, 2007 TCC 528	Taxnet Pro	Independent contractor	<div style="width: 80%;"></div>
3	Dean v. MNR, 2012 TCC 370	Taxnet Pro	Employee	<div style="width: 80%;"></div>
4	Vandervelde v. MNR, 2009 TCC 200	Taxnet Pro	Independent contractor	<div style="width: 80%;"></div>
5	5256951 Manitoba Ltd. v. MNR, 2011 TCC 229	Taxnet Pro	Independent contractor	<div style="width: 80%;"></div>
6	Bastasic v. MNR, 1999 CanLII 401 (TCC)		Independent contractor	<div style="width: 80%;"></div>
7	1075752 Ontario Ltd. v. MNR, 2006 TCC 141	Taxnet Pro	Independent contractor	<div style="width: 80%;"></div>
8	Care Nursing Agency Ltd. v. MNR, 2007 TCC 527	Taxnet Pro	Employee	<div style="width: 80%;"></div>
9	Smith v. MNR, 2011 TCC 20	Taxnet Pro	Independent contractor	<div style="width: 80%;"></div>
10	AID Enterprises Inc. v. MNR, 2007 TCC 71	Taxnet Pro	Independent contractor	<div style="width: 80%;"></div>

Fewer ▲

Worker Classifier

Questions answered: 17/17

- [Introduction](#)
- 1** [Background](#)
- [2 Control](#)
- [3 Ownership](#)
- [4 Risk](#)
- [5 Integration](#)
- 6** [Results](#)

Cases with similar factors

Most Similar - All Results 



1	S K Manpower Ltd. v. MNR, 2010 TCC 584	Taxnet Pro	Independent contractor	<div style="width: 100%; height: 10px; background-color: #f4a460;"></div>
2	Cozart v. MNR, 2007 TCC 528			
3	Dean v. MNR, 2012 TCC 370			
4	Vandervelde v. MNR, 2009 TCC 200			
5	5256951 Manitoba Ltd. v. MNR, 2011 TCC 229			
6	Bastasic v. MNR, 1999 CanLI 401 (TCC)		Independent contractor	<div style="width: 100%; height: 10px; background-color: #f4a460;"></div>
7	1075752 Ontario Ltd. v. MNR, 2006 TCC 141	Taxnet Pro	Independent contractor	<div style="width: 100%; height: 10px; background-color: #f4a460;"></div>
8	Care Nursing Agency Ltd. v. MNR, 2007 TCC 527	Taxnet Pro	Employee	<div style="width: 100%; height: 10px; background-color: #f4a460;"></div>
9	Smith v. MNR, 2011 TCC 20	Taxnet Pro	Independent contractor	<div style="width: 100%; height: 10px; background-color: #f4a460;"></div>
10	ALD Enterprises Inc. v. MNR, 2007 TCC 71	Taxnet Pro	Independent contractor	<div style="width: 100%; height: 10px; background-color: #f4a460;"></div>

Similar Factors:

- Freedom to determine how work should be done
- Supervision
- Ownership of tools or equipment
- Intended characterization of relationship at time of contracting
- Who sets hours and schedule
- Reimbursement of travel expenses
- Requirement to wear a uniform
- Provision of training
- Who sets agenda
- Where worker works
- Freedom to delegate

Disimilar Factors:

- Personal risk of loss

Fewer 

Worker Classifier

Questions answered: 17/17

- Introduction
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[More ▾](#)[FIND MORE CASES](#)

References

1	Wiebe Door Services Ltd. v. MNR, [1986] 2 CTC 200 (FCA)	Taxnet Pro	Independent contractor
2	671122 Ontario Ltd. v. Sagaz Industries Canada Inc., 2001 SCC 59	Taxnet Pro	Independent contractor
3	Montreal v. Montreal Locomotive Works Ltd., 1946 CarswellQue 231 (JCPC)	Taxnet Pro	Employee

[More ▾](#)

What If...

What if the parties intended to characterize the relationship as employer-employee?

[FIND OUT](#)

What if the worker does not have the freedom to turn down work from hirer?

[FIND OUT](#)

What if the worker owns the most important tools or equipment?

[FIND OUT](#)

What if both the worker and the hirer own important tools or equipment?

[FIND OUT](#)

ID: 5dad1df4eb17d0860e38a8e3
DATE: October 21, 2019

TAX FORESIGHT

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Classifier: **Worker**
Result: **Independent contractor**
Confidence: **71%**



Explanation of the Result

The evidence in this case points strongly toward a finding that the worker is an independent contractor. Based on the facts provided, it is highly unlikely that a court would characterize this relationship as an employer-employee relationship.

Courts look to the intent of the worker and the hirer when they entered into the working arrangement. Given that there is a contract for services in this case, a court is more likely to find that the worker is an independent contractor.

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Explanation of Data and Methodology ?

The set of facts you have provided have been compared to the facts of all previously reported cases by the courts on this legal question.

We use a combination of machine learning techniques and traditional rules-based approaches to provide insight. Our predictive analytics use machine learning algorithms to provide insight as to the likely answer to the set of facts assessed by Tax Foresight. Our machine learning algorithms have been trained on all of the available precedents.

Predictive analytics that depend on machine learning will also indicate how confident Tax Foresight is. The confidence level indicates the probability that Tax Foresight's classification is the result that a court would reach. The higher the probability, the more confident we are that our algorithm has provided the correct likely classification. Low confidence indicates that the set of facts will be a close call.

ID: 5dad1df4eb17d0860e38a8e3
DATE: October 21, 2019

TAX FORESIGHT

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Cases With Similar Factors

#	Case Name	Result
1	S.K. Mangrove Ltd. v. MNR, 2010 TCC 584	Independent contractor
2	Cotari v. MNR, 2007 TCC 528	Independent contractor
3	Dean v. MNR, 2012 TCC 370	Employee
4	Vanderweide v. MNR, 2009 TCC 200	Independent contractor
5	5256951 Manitoba Ltd. v. MNR, 2011 TCC 239	Independent contractor
6	Basias v. MNR, 1999 CanLII 401 (ITCI)	Independent contractor
7	1075752 Ontario Ltd. v. MNR, 2006 TCC 141	Independent contractor
8	Care Nursing Agency Ltd. v. MNR, 2007 TCC 527	Employee
9	Smith v. MNR, 2011 TCC 20	Independent contractor
10	ALD Enterprises Inc. v. MNR, 2007 TCC 11	Independent contractor

References

#	Case Name or Reference	Result
1	Webbe Door Services Ltd. v. MNR, [1986] 2 CTC 200 (FCA)	Independent contractor
2	6711273 Ontario I. M. v. Sagar Industries Canada Inc., 2001 SCC 50	Independent contractor
3	Morrison v. Morrison Locomotive Works Ltd., [1946] CarswellQue 231 (2 PC)	Employee
4	Wolf v. Canada, 2002 FCA 96	Independent contractor
5	Boyd Winnipeg Ballet v. Canada, 2006 FCA 97	Independent contractor
6	1392644 Ontario Inc. (Connor Homes) v. Canada, 2013 FCA 85	Employee
7	TBT Personnel Services Inc. v. Canada, 2011 FCA 256	Employee
8	IR 4110: Employee or Self-employed?	CRR guide
9	Subdivision a - Income or Loss from an Office or Employment	Income Tax Act
10	Subdivision b - Income or Loss from a Business or Property	Income Tax Act

How Cases With Similar Factors were identified

You have provided us with a set of facts that describe your client's situation. Our algorithms assess the proximity of the facts of your client's case to every other case decided by the courts. These algorithms indicate which precedents align most closely to your client's case. The cases with similar factors will vary with each set of facts.

How the References were selected

References are those cases and authorities containing the principles, tests and considerations for the legal issue in question that judges continue to cite and apply in their current decisions. Because these sources are among the most important for each legal issue, the references remain the same for each scenario. If you think there is an important reference missing from this list, please let us know.

ID: 5dad1df4eb17d0860e38a8e3

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TAX FORESIGHT

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Specific Questions

Answers

Q 1.1:	What is the worker's profession or occupation?	construction worker
Q 1.2:	How would you describe the hirer's business or activity?	construction
Q 1.3:	At the time of contracting, how did the parties intend to characterize the relationship?	Independent Contractor
Q 1.4:	How long, in months, has the worker been working for the hirer?	18
Q 2.1:	Is the worker monitored or supervised by the hirer?	Yes
Q 2.2:	Who determines what work is to be done by the worker?	Hirer
Q 2.3:	Does the worker have the freedom to turn down work from the hirer?	Yes
Q 2.4:	Does the worker set his or her own hours and schedule?	Yes
Q 2.5:	Does the worker have the freedom to determine how the work should be done?	Yes
Q 2.6:	Is the worker free to work for other people or companies?	Yes
Q 2.7:	Can the worker delegate or subcontract work without notifying the hirer?	Yes
Q 2.8:	Does the hirer impose a dress code or require the worker to wear a uniform?	No
Q 3.1:	Who owns the most important tools that the worker uses while performing services for the hirer?	Hirer
Q 4.1:	Other than the loss of work, is the worker personally at risk of loss (e.g., liability, additional cost of redoing work that fails to meet client satisfaction, etc.)?	No
Q 4.2:	Is the worker reimbursed for work-related travel expenses?	No
Q 5.1:	Where does the worker do most of his or her work?	Mobile Locations
Q 5.2:	Did the hirer provide the worker with training?	No

Thank you!

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