Frank L. McCauley v. Commissioner, 27 T.C. 740 (1957)

The determination of whether an individual is an employee or an independent contractor hinges on the degree to which the employer retains the right to control the manner in which the work is to be performed.

Summary

The case concerns a determination by the Commissioner of excessive profits earned by McCauley from a contract with Ozone under the Renegotiation Act of 1951. McCauley claimed he was a full-time employee of Ozone, which would exempt him from renegotiation. The court found McCauley was an independent contractor, not an employee, based on the terms of his contract, the actual practices of his relationship with Ozone, and his self-representation. The court emphasized the right to control the manner of the work as the key factor in distinguishing between an employee and an independent contractor. McCauley's profits were therefore subject to renegotiation.

Facts

Frank L. McCauley had a contract with Ozone, described as an

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