Elle as Sole Proprietor:

Gross Income 168,500

Operating Expense (34,750)

Operating Income 133,750

Less: Income Tax

(133,750\*17%) (22,737.50)

Net Income 111,012.50

Elle, as a consultant, gains net income from her consultancy of 111,012.50 after tax. As a consultant, she must devote her full time and effort in her business and pay her personal expenses computed as follows:

Personal Expenses:

Medical Insurance

(875\*12) 10,500

Personal Retirement

(750\*12) 9,000

Net cash inflow of Elle as a consultant is 91,512.50 after deducting Medical insurance and Personal retirement.

In contrast, if Elle will accept the offer from Cheng, Ltd. She will receive a Salary grade of 104,500 exclusive of her business expenses and medical expense. That is about 39,550 (Medical expense of 400\*12 months + 34750 Business expense) of benefit that she will receive if she accepts the offer from Cheng, Ltd.

By making such decision, Elle might consider accepting the job from Cheng, Ltd. Because this might pay higher return that being a consultant.

2-Elle as a gig worker who is classified as an employee under California’s Assembly Bill 5.

After passing the California’s Assembly Bill 5, companies must hire independent contractors and treat them as employees. Elle, being a gig worker, will be considered as an employee even she was under independent contractor category. This bill will ensure Elle’s security of tenure as an employee even if she works in her pace as an independent contractor.

Also, all of Elle’s business expenses will be covered or reimbursed by the company. In this case, the gig worker will benefit to the company’s policies and also subject to minimum wage even with flexibility in time to company.