

A Legal Checklist For Engaging Independent Contractors

Here is a handy checklist to provide you with a summary of the key points to consider when it comes to the law and engaging independent contractors in your business.



Control

An independent contractor should have control over the how, when, and where they will be completing the work. A simple way to think about it is that the independent contractor is carrying out their own business on their terms. This is different to an employee because the hours of work and specific times, locations and structures of the work are set by you as the business. There are always exceptions to the rule, but control is an important factor to consider.



Delegation

An independent contractor is often able to delegate the work to someone else or another business. They generally don't need to seek permission from you as the business, to do so. It's their business and they are allowed to get the work done in the best way they see fit.



Tools /Equipment

An independent contractor will have their own tools and equipment and they won't need to rely on the business to supply these.



Exclusivity

An independent contractor will have the right to provide services to multiple clients.



Payment

An independent contractor will usually be paid for a result or task, and this can often be done via a fixed sum contract. An employee on the other hand, will usually be paid for hours or time worked.



Own business

Independent contractors run their own businesses and take on the commercial risks associated with that business. For example, they need to hold an Australian Business Number (ABN), maintain appropriate insurance, issue tax-compliant invoices to the business to be paid, generally not be required to wear a uniform, have their advertising processes.



Agreement

Like most things in business, you as the business owner need to be sure you have an independent contractor agreement in place to reflect the arrangement. You want to be sure that both parties are on the same page with the nature of the relationship, and the work to be done.

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