



## Distinguishing features of employees/independent contractors

Features of relationship	Employee (contract of service)	Contractor (contract for services)
Lawful authority to command.	Employer has the right to direct the way in which work is done.	Contract is for a given result. Contractor works on his/her own account.
How is the work performed?	At the request of the employer.	Contract for a specific task/series of tasks. Contractor has high level of discretion and flexibility as to how to perform the tasks. Contract may, however, specify precise terms such as methods of performance.
Risk	Employee bears little or no risk which is borne by the employer. The employer is generally responsible for any loss resulting from poor work.	Independent contractor bears the commercial risk and responsibility for poor work in performing the task.
Place of performance	Generally at the employer's premises.	Contractor provides own assets and may work at a number of locations.
Hours of work	Standard/set hours.	Sets own hours of work.
Leave entitlements	General entitlement to annual leave, long service leave, sick leave, etc.	No leave entitlements.
Payment	Generally paid on hourly basis/award rates.	Payment subject to performance of the contract.
Expenses	Reimbursed for expenses incurred during employment	Responsible for own expenses.
Appointment	Generally recruited via advertisement placed by employer/agency/approached by employer.	Advertises services to the public at large.
Termination	May dismiss at any time – subject to state/federal laws.	May only terminate if breaches contract / by agreement.
Delegation	Employee cannot delegate tasks (except for delegation of duties to others as part of role).	Contractor may delegate all or some tasks and may employ other persons to assist (unless contract expressly precludes this).
Equipment	Usually provided by employer.	Contract usually specifies who will provide equipment – usually contractor.
Scheduling of work	Determined by employer.	Determined by agreement between the parties.
Expectation of work	Ongoing expectation.	Usually engaged for a specific task/period.
Method of payment	Usually per award/ employment agreement.	Usually invoices.
Taxation	Employee pays PAYG tax (via employer).	Contractor usually pays own tax.
Relationship to business	Employee is usually integral part of business.	Contractor's work usually accessory to business.
Ability to accept other work	Usually restricted to work for one employer during agreed hours.	Can work for other clients.
Right to refuse work	Cannot refuse reasonable task.	Contract governs tasks to be performed which are agreed in advance.