

EMPLOYEE VS CONTRACTOR

Employee	Contractor
Will generally have a contract of employment which outlines their employment terms and the nature of the relationship.	Will generally have a contract for services outlining the nature of the work and the relationship between the parties.
Employees work for a business	Contractors operate a business of their own.
Are provided with tools and equipment necessary to undertake their work.	Are not provided with any tools or equipment.
Represent their employer (i.e. wears a uniform, create goodwill for the Company)	Do not represent the Company they have been contracted to undertake work for.
Are covered by the employers workers compensation insurance.	Have all their own insurances.
Are unlikely to be freely able to engage in other work either for themselves or for other businesses without the consent of their employer.	Can freely undertake work for any other businesses.
Are generally paid an hourly rate or annual salary. May complete a timesheet and will receive a payslip.	Generally paid by results or by the project. A contractor will generally provide an invoice for their time and receive a receipt once the invoice is paid.
Employees accrue leave as per the Fair Work Act 2009 and relevant state legislation.	Generally do not accrue leave.
Superannuation and tax is paid by the employer.	Subject to the nature of the work, contractors are responsible for their own tax and superannuation.
Employees are generally not permitted to hire someone else to do their job.	Contractors are free to delegate or subcontract the work they are engaged to undertake.
The Company is generally legally responsible for the work of the employee.	The legal and commercial risk associated with the work is the responsibility of the contractor.

Note: This guide is intended to provide an indication of the factors which may be used when determining the context of a relationship between two people conducting work. The characteristics outlined above may be disproportionately weighted in a particular circumstance. Constitutional corporations should also refer to recent caselaw and legislation when determining the basis of the relationship.