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Department of Industry,
Innovation and Science

Business



Independent Contractors

The Essential Handbook

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Disclaimer

Please note that every effort has been made to ensure that information provided in this guide is accurate. You should note however, that the information is intended as a guide only, providing an overview of general information available to independent contractors. This guide is not intended to be an exhaustive source of information and should not be seen to constitute legal advice. You should, where necessary, seek your own legal advice for any legal issues raised in your business affairs.

Introduction

You've picked up this handbook because you hire contractors, or you are a contractor, and you want clear, concise information about your rights and responsibilities.

Across Australia, almost a million men and women earn a living by contracting out their services.

This plain-English handbook goes a long way towards giving businesses and the independent contractors they engage a simple guide to the rules and regulations and the rights and obligations on both sides.

As well as containing a lot of useful information, this handbook - the first of its type - includes links to important websites, and phone numbers, to make sure all readers have easy access to the facts.

Language and communication assistance

If you want to communicate with the hirer or business.gov.au in your own language, there are private and government services available. If you have a hearing or speech impairment, the National Relay Service can assist. If you are visually impaired, business.gov.au 13 28 46 can help.

Find an interpreter

- To speak to the hirer through an interpreter call the Translating and Interpreting Service (TIS) National on 13 14 50. TIS National provides interpreting services in around 170 languages and dialects and is available seven days a week. Note, that charges will apply unless the hirer has agreed to pay for interpreting services under your contract. For more information about TIS National, visit [Department of Immigration and Border Protection](#) and search for 'TIS National'. Before you call have the name and phone number of the person or service ready to give to the operator.

Find a translator

If the language used in the contract is not one you're fluent in, consider getting it translated. You will need to find a private translator to do this.

- Look under 'translators' in your local telephone directory. Use an online directory, such as those on the following websites:
 - National Accreditation Authority for Translators and Interpreters at [NAATI](#).
 - Australian Institute of Interpreters and Translators Incorporated at [AUSIT](#).

Assistance for the hearing and speech impaired

If you are deaf or have a hearing or speech impairment you can call through the National Relay Service.

- **TTY users:** Call 13 36 77 for the cost of a local call.
- **Speak and Listen (speech-to-speech relay) users:** Call 1300 555 727. Alternatively, you can make a call through the National Relay Service website at [National Relay Service](#).

Latest edition

This handbook will be updated regularly. To ensure you have the latest information, visit [business.gov.au - Independent Contractors](https://business.gov.au), the Australian Government's dedicated business website.

Please note that every effort has been made to ensure that information provided in this Handbook is accurate. You should note however that the Handbook is intended as a guide only, providing an overview of general information available for independent contractors. This Handbook is not intended to be an exhaustive source of information and should not be seen to constitute legal advice. You should, where necessary, seek your own legal advice for any legal issues raised in contracting.

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Contracting arrangements

Are you an independent contractor or an employee?

There are many differences between independent contractors and employees - understanding these differences is crucial for both independent contractors and their hirers as it can have an effect on matters such as tax and superannuation obligations, intellectual property ownership, and insurance requirements.

Information for independent contractors

As an independent contractor you operate a business entity that produces a result for an agreed price. There are key differences between independent contractors and employees. In most cases you are an independent contractor if you:

- are paid for results achieved
- provide all or most of the necessary materials and equipment to complete the work
- are free to delegate work to others
- have freedom in the way you work
- provide services to other businesses
- are free to accept or refuse work
- are in a position to make a profit or loss.

In contrast, employees receive entitlements from the *Fair Work Act 2009* (the Act). The Act provides for entitlements such as:

- personal leave
- annual leave
- parental leave

- minimum rates of pay
- meal breaks.

However, employees have little control over the work they perform, their place of work, and their work hours. Generally a worker is an employee if he or she:

- is paid for time worked
- receives paid leave (for example personal, annual or recreation, or long service leave)
- is not responsible for providing the materials or equipment required to do the job
- must perform the duties of the job position
- agrees to provide their personal services
- works hours set by an agreement or award
- is recognised as an integral part of the employer's business
- takes no commercial risks and cannot make a profit or loss from the work performed.

To help you understand the difference between independent contractors and employees at common law, use the online decision tool at business.gov.au - Independent Contractors.

Even if you are an independent contractor and not an employee, you need to be aware that some legislation may treat employees and independent contractors in the same manner.

As an independent contractor you may or may not choose to join or not join a union eligible to represent your industrial interests. However, it is illegal for hirers or unions to try to influence your choice through threats, pressure or discrimination. If you believe you are being pressured to make a decision either way, get advice from a Fair Work Inspector or union. They can help you get a court order for protection or provide other assistance.

Information for hirers

As a hirer, you are required to withhold an amount from payments to an independent contractor for tax purposes if:

- the contract asks for amounts to be withheld,
- they provide their work or services for a client of yours under a labour hire arrangement, or
- they have not quoted their ABN to you.

You may also have obligations to your independent contractors relating to payroll tax, workers' compensation and insurance. For more information on these obligations, see the corresponding topics in this handbook. In some cases the Superannuation Guarantee laws may also apply to payments for work or services by an independent contractor. See the Superannuation Guarantee topic on page 22 for further information.

As a hirer you are protected from unauthorised industrial action by independent contractors. It is also unlawful for unions to threaten or take unauthorised industrial action against you. If you believe unauthorised industrial action is being taken you can speak to the Fair Work Commission on 1300 799 675.



What to do

- Call business.gov.au for information on 13 28 46.
- Visit the Fair work Ombudsman website at Fair Work Ombudsman for information on your rights and obligations under Australia's Fair Work System.
- To help you understand the difference between a contractor or employee at common law, use the online decision tool at business.gov.au - Independent Contractors.
- Use the **Australian Tax Office's** (ATO) employee/contractor decision tool -an online resource designed to help a hirer determine whether a worker is an employee or an independent contractor for tax and superannuation purposes at ATO or via ATO Business Infoline 13 28 66.
- For more information about Superannuation Guarantee obligations see the ATO *Superannuation guarantee - How to meet your super obligations* (an employer's guide) at ATO or contact the Superannuation Infoline on 13 10 20.

Contracts

A well planned contract allows independent contractors and hirers to identify the working relationship, rights and responsibilities, and expected outcomes before starting work. It's important for independent contractors and hirers to understand their rights, obligations and what is expected of them in the business relationship to prevent misunderstandings.

When drafting a contract, both parties should consider including the following information:

- results to be achieved and services to be performed
- insurance and professional indemnity responsibilities
- a clear dispute resolution process
- intellectual property rights
- termination of the contract
- timing and payment
- reporting arrangements
- confidentiality obligations
- provision of tools and equipment necessary to undertake the work.

Independent contractors and hirers should be able to understand the importance of having a written contract and identify the key elements of a good quality contract. It is essential that independent contractors and hirers are able to fully understand the terms of the contract they are signing and are aware of common issues which may arise during the course of the contract. This allows both parties to minimise any risks associated with signing a contract.

Unfair contracts

Under the *Independent Contractors Act 2006*, an unfair contract is one where a person performs work under terms that are deemed 'unfair' or 'harsh'.

When determining whether a contract is unfair or harsh, a court may consider:

- the relative strengths of the bargaining positions of the parties
- whether any undue influence or unfair tactics were used against a party
- whether the contract provides total remuneration that is less than that for an employee performing similar work; and
- any other matter that the court thinks is relevant.

Where a court finds that a contract is unfair or harsh, it may order that:

- the terms of the contract be re-written - for example to add or remove clauses
- parts of the contract will have no effect; and
- the contract be set aside - that is, that the contract ceases to operate.

Unfair contract claims must be brought to the Federal Magistrates Court or the Federal Court of Australia. It is recommended you consider dispute resolution prior to lodging a claim. See the dispute resolution topic on page 26 for further information.

Sham contracts

Sham contracting is where an employer tries to disguise an employment relationship as an independent contracting relationship. If this occurs an employee may not receive a number of employment entitlements such as superannuation and workers compensation.

Under the *Fair Work Act 2009*, the employer cannot:

- disguise an employment relationship or proposed employment relationship as an independent contracting arrangement
- dismiss or threaten to dismiss an employee to re-engage him or her as an independent contractor
- knowingly make a false statement to persuade or influence an employee to become an independent contractor.

An employer who behaves in this way can be fined up to \$33,000. Actions can be brought by a worker, a union or the Fair Work Ombudsman.



What to do

- Phone **business.gov.au** on 13 28 46 for information on unfair contracts.
- Read information on sham contracts on the Fair Work Ombudsman website at [Fair Work Ombudsman](#).
- Phone the **Fair Work Ombudsman** on 13 13 94 for further information on sham contracting.
- Consult your union or industry association. You can find unions and industry associations using the [business.gov.au](#) Directory of government and business associations at [business.gov.au - Directory](#).

Occupational health and safety

Occupational health and safety or as it's now known, Work Health and Safety (WHS), refers to health and safety in the workplace. Both independent contractors and hirers have legal responsibilities under Work Health and Safety legislation, which is governed by the Commonwealth, state and territory agencies.

Information for independent contractors

If you employ or otherwise engage workers to carry out work for your business or organisation, you are required to meet legal responsibilities under the applicable WHS legislation.

As an independent contractor you are entitled to a safe and healthy workplace. You should be given a safety induction to the workplace and have relevant work processes clearly explained to you.

As a worker, you are also required to comply with certain duties set out under the WHS laws, for example:

- ensuring that your actions do not put yourself or others at risk
- alerting the appropriate people to hazardous workplace situations
- reporting accidents and injuries.

Information for hirers

If you hire independent contractors, you are legally responsible for ensuring their health and safety at all times while in your workplace (to the extent that this is reasonably practicable). For example, you should ensure that your workplace, any machinery, substances and facilities used are safe, and that all workers have adequate training, supervision and are properly licensed if required.



What to do

- For more information about your WH&S rights and responsibilities, contact the work, health and safety and workers compensation agency in your state or territory. You can find contact details at [business.gov.au](https://www.business.gov.au) (search for workplace health and safety).
- Refer to our workers' compensation topic below.
- Read about WHS on the [business.gov.au](https://www.business.gov.au) website.

Workers' compensation

Workers' compensation is covered by state or territory laws which ensure benefits are paid to an employee or an employee's family if the worker suffers a job-related injury, death or disease.

Information for independent contractors

You may not necessarily be entitled to workers' compensation unless you have arranged your own accident protection insurance. Some independent contractors are covered for workers' compensation in some states and in specific circumstances. To find out if you are covered, contact your state or territory's WH&S and workers' compensation agency which are listed on page 60.

Information for hirers

It is crucial that you know whether independent contractors are covered by their own insurance or come under your business insurance. If you do not provide workers' compensation when you are required to, your state or territory WH&S and workers compensation agency could require you to pay back any avoided workers' compensation premiums. You could also be subject to serious penalties, which may have a significant financial impact on your business. For more information about who is covered, contact your state or territory's WH&S and workers compensation agency.



What to do

- For more information about workers' compensation and the laws that apply, contact the WH&S and workers' compensation agency in your state or territory. You can find contact details on page 60.
- See our insurance topic below for further information on workers' compensation insurance.

Insurance

Unlike employees, independent contractors are generally responsible for their own insurance cover and bear the commercial risk for losses suffered from any work performed. Depending on the contract agreement, both the independent contractor and the hirer may have liability insurance and workers' compensation obligations.

Information for independent contractors

Workers' compensation laws are state and territory based. They ensure that benefits are paid to an employee or their family if the employee suffers a job-related injury, death or disease. As an independent contractor, you may not necessarily be entitled to the same workers' compensation benefits as regular employees. See the workers' compensation topic on page 18 for further information.

Consider personal accident and illness insurance to ensure that you are financially secure should any accident or illness prevent you from working. Some independent contractors are covered by workers' compensation in some states and in specific circumstances. To find out if you are covered, contact your state or territory's work, health and safety and workers' compensation agency. Contact details are on page 60.

Liability insurance protects you against the financial risk of being found liable to a third party for death or injury, loss or damage of property or monetary loss resulting from your negligence, your

advice or your provision of unsafe products or services. You can take out a number of different types of liability insurance including public or product liability and professional indemnity. As an independent contractor, it's extremely important that you consider liability insurance, as the costs of being found liable or negligent can be extremely high.

Asset and revenue insurance provides protection in the event of burglary, natural disaster, machinery breakdown and other forms of damage. It's likely that most of the equipment you use during the course of your contract will be your own, so you should consider asset and revenue insurance to help minimise the financial risk.

If you work from home, you should ensure that you have the correct level of insurance to protect your business. In many cases, home and contents insurance does not cover home-based businesses. In addition to the types of insurance mentioned above, you should also ensure that you are protected from incidents including natural disaster, fire or theft. Many insurance policies don't cover tools of trade, office furniture or computer equipment used for your business - you may need to advise your insurer that you require cover for your business assets.

Information for hirers

As a hirer, you need to know whether the independent contractors you have engaged are covered by your business's workers' compensation and liability insurance. Some public liability policies may exempt liability for injuries to independent contractors, in which case independent contractors would need to consider their own accident protection insurance.

To prevent yourself or your business from being found liable for any damage or injury caused by an independent contractor you've hired, ensure that the insurance obligations of both parties are clearly identified in the contract.



What to do

- Contact your state or territory's work, health and safety and workers' compensation agency to find out if you or your worker is covered by workers compensation. Contact details are on page 60.
- See the insurance topic at [business.gov.au - Insurance](https://business.gov.au/insurance).
- Contact business.gov.au for more information about insurance on 13 28 46.
- As an independent contractor, talk to a number of insurance companies and brokers to discuss what insurance options are best for you. Search the [business.gov.au - Directory](https://business.gov.au/directory) of government and business associations for insurance and broker associations at [business.gov.au - Directory](https://business.gov.au/directory) or check the phone book.

Superannuation Guarantee

A number of factors determine who should pay superannuation for an independent contractor. You need to find out if you or your worker is classified as an independent contractor for superannuation purposes. Hirers must pay super contributions for independent contractors if they:

- are paid wholly or principally for their personal labour and skills
- perform the contract work personally, and
- are paid for hours worked rather than to achieve a result even if they quote an Australian Business Number (ABN).

Information for independent contractors

If your hirer is not legally required to pay your superannuation contributions, it is your responsibility to pay your own. You should factor this cost into the amount you charge for your services.

If you are unincorporated, you can claim a deduction for personal contributions made to a superannuation fund. You may also be eligible for a super co-contribution if you make personal super contributions.

If your business is incorporated, and you are a director, you are responsible for your own superannuation. If you don't pay enough, or if you miss the payment cut-off dates, you will have to pay the Superannuation Guarantee charge which is a tax penalty.

Information for hirers

If you are legally responsible for paying superannuation guarantee contributions for your independent contractor, you should pay the independent contractor's super fund or retirement savings account at least 9% of their earning base.

If you don't pay enough superannuation for the eligible independent contractors, or if you miss the payment cut-off dates, you will have to pay the Superannuation Guarantee charge which is a tax penalty.



What to do

- Use the **ATO's** employee/contractor decision tool and Superannuation Guarantee Eligibility tool. These resources help identify if you or your workers are contractors or employees. Both tools are available at [ATO](#).
- For further information about superannuation, including cut-off dates for paying super contributions, visit [ATO - SUPER](#) or phone the Superannuation hotline on 13 10 20.
- For information about the Superannuation Guarantee charge and to calculate any charge you may incur from late super payments, there is a Superannuation Guarantee charge statement and calculator available at [ATO](#) that calculates the components and creates a Super Guarantee charge statement which you can print and submit to the ATO.
- Talk to your tax accountant or financial adviser.

Intellectual property

Intellectual property (IP) is an essential tool to protect your ideas and the work you generate as an independent contractor.

IP is the result of applying your mind or intellect to create something new or original. IP can exist in varying forms, such as:

- patents
- trade marks
- copyright
- designs
- circuit layouts
- plant breeder's rights.

The legal protection of IP rights provides designers, artists, business people, entrepreneurs and inventors with the exclusive right to use and control and therefore profit from their intellectual and creative work.

Ownership of IP

Ownership of IP for hirer and independent contractor relationships is treated differently to employer and employee relationships.

- IP created by an employee is considered the property of their employer.
- IP created by an independent contractor for a hirer is by law considered the property of the independent contractor, unless otherwise stated in the contract.

The contract between the hirer and independent contractor should clearly outline ownership of any IP resulting from the work. This will prevent confusion or disputes over the IP at the end of the agreement.

Information for independent contractors

Without a written contract that attributes ownership of IP to your hirer, you will automatically own the IP. If your hirer wishes to own the IP, this must be specifically outlined in the contract. You may wish to seek legal advice about clauses relating to IP before signing the contract.

Information for hirers

If you do not have a written agreement giving you ownership of any IP generated, the independent contractor will own any IP they create and will legally be able to disclose and re-use the IP. If you wish to control the IP generated, you will need to create a legal agreement that transfers the ownership or restricts the use of any IP created by the independent contractor.



What to do

- Contact **IP Australia** for more information about intellectual property. Phone 1300 651 010 or visit [IP Australia](https://www.ipaustralia.gov.au).
- Read about intellectual property at [business.gov.au](https://www.business.gov.au).
- Contact your legal adviser for advice on creating the most effective agreement for you.

Dispute resolution

Disputes between hirers and independent contractors can arise due to breaches of the contract such as unpaid money or substandard work performance. Many disputes can be resolved through clear communication and negotiation. It is important to have a dispute resolution clause in your contract.

Alternative dispute resolution

Alternative dispute resolution involves an impartial third party assisting both independent contractors and hirers in negotiating a successful outcome. This approach will often help preserve the business relationship.

The most common types of alternative dispute resolution are arbitration, conciliation and mediation. All three types involve a third party facilitating discussion between the independent contractor and the hirer to reach a satisfactory agreement. Some types of alternative dispute resolution, such as arbitration, are legally binding. Agreements reached through conciliation and mediation can be made legally binding if both parties choose. Attempts at mediation should be made before proceeding to arbitration.

Court

If a successful solution cannot be reached by negotiation or alternative dispute resolution, either party can decide to take the case to court. The nature of the dispute will determine which court the complaint must be taken to. If the dispute involves an 'unfair' contract, more specific information is detailed under the contracts topic on page 10.

Information for independent contractors

If you are involved in a dispute with your hirer, the first thing you should do is check your contract to ensure that you are correct and within your rights. A good quality contract should specify a dispute resolution procedure.

In the event of a dispute, there are a number of steps you can take.

There are five possible steps of dispute resolution:

1. Check your contract

If your contract is in writing, read it carefully and make sure you are in the right. If it has a dispute resolution clause, you should follow those steps. If you do not have a written contract or your contract does not have a dispute resolution clause, start at Step 2.

2. Discuss the problem

Ask for a meeting to discuss the problem. At the meeting, explain your concerns and listen attentively to the hirer's side of the story. Try to find a solution that works for you both.

3. Put it in writing

If talking about it doesn't work, put your concerns in a letter to the hirer. If possible, outline more than one option to achieve the resolution you are seeking. Include any reasonable concessions you are willing to make, and leave the door open for further discussion. If you need help to draft the letter, consult your industry association, union or business adviser. If necessary, you can pay a lawyer to write the letter on your business' letterhead.

4. Get a third party involved

If the dispute remains unresolved, consider alternative dispute resolution methods such as conciliation, mediation or arbitration.

5. Take the matter to court

If you are unable to resolve your dispute through negotiation or alternative dispute resolution, you may decide to take your case to court.

Information for hirers

As a hirer, you need to be aware of your rights and obligations when dealing with independent contractors. Ensure that you completely understand and agree with the terms of the contract before you sign. It may be useful for you to consult your legal adviser for assistance.

In the event of a dispute with an independent contractor, attempt to resolve the matter directly with the independent contractor, or consider alternative dispute resolution. The consequences of resolving a dispute that goes to court can be costly and time consuming, so it's often easier to listen to the independent contractor's concerns, negotiate an acceptable outcome and resolve the matter privately.



What to do

- Contact **business.gov.au** on 13 28 46 for further information.
- Refer to the Mediation Services in your state or territory. Contact details are on page 61.
- Consult your union or industry association. You can find unions and industry associations using the [business.gov.au - Directory](#) Directory of government and business associations at [business.gov.au - Directory](#).
- Visit the Fair Work Commission website at [Fair Work Commission](#) for information on how they can assist with dispute resolution in the workplace.
- Read about starting as an independent contractor at [business.gov.au - Independent Contractors](#).

Collective bargaining

Collective bargaining allows competitors to come together and negotiate terms and conditions (including price) with a hirer. Collective bargaining by independent contractors is subject to the Competition and Consumer Act 2010 (CCA). Independent contractors must apply to the **Australian Competition and Consumer Commission (ACCC)** for permission to collectively bargain with a hirer. The ACCC only approves the arrangement when it is in the public's best interest.

Information for independent contractors

Collective bargaining by independent contractors is usually prohibited under the CCA as it can have a detrimental effect on competition and consumers. The ACCC can grant independent contractors immunity from legal action if it is satisfied that the public benefit from the arrangements outweighs any public detriment.

There are two ways independent contractors can seek immunity:

Authorisation - A valid application and supporting submission needs to be lodged and the appropriate fee paid. The ACCC then assesses the application and any submissions received before issuing a draft determination and, lastly, its final determination. This process is generally completed within 3 to 6 months and unions may apply for authorisation on behalf of nominated independent contractors.

Notification - This process allows an independent contractor to lodge a notification with the ACCC on behalf of a group, stating the group's intent to collectively bargain with a particular hirer. The ACCC has 14 days from the lodgement of a valid notification (including payment of the relevant fee) in which to raise any objection before the immunity commences. There are circumstances in which a notification for collective bargaining arrangements cannot be lodged and an application for authorisation may be more appropriate.

Information for hirers

The CCA has provisions to enable independent contractors to gain immunity to collectively bargain with you as a hirer. As a hirer you will be consulted by the ACCC when it receives an authorisation or notification application to collectively bargain and you will have an opportunity to express your views.



What to do

- For further information on collective bargaining notifications and applications for authorisation contact the **ACCC** on 1300 302 502 or visit [ACCC](#).
- Read the **ACCC's** Guide to collective bargaining notifications.
- Consult your union or industry association. You can find unions and industry associations using the [business.gov.au - Directory](#) of government and business associations at [business.gov.au - Directory](#).

Anti-discrimination

Discrimination occurs when an individual or group is treated less favourably than others on the grounds of race, colour, sex, age, disability, religion or a number of other characteristics outlined in anti-discrimination or human rights legislation.

National, state and territory laws govern equal employment opportunity and anti-discrimination in the workplace.

Information for independent contractors

As an independent contractor you have the right to a workplace free from discrimination and bullying. A hirer cannot refuse to hire you or change the terms of your contract on the basis of any characteristic considered discriminatory under national, state and territory legislation. Similarly you should not be subjected to discrimination or harassment during the course of your contract.

If you feel that you have been a victim of discrimination, harassment or workplace bullying, there are a number of steps you can take.

- In the first instance you may wish to attempt to resolve the matter directly with your hirer. You may wish to consider informal dispute resolution. For more specific information, see the dispute resolution topic on page 26.
- If you believe that the issue has not been adequately addressed by your hirer, you can contact your state or territory anti-discrimination agency or the **Australian Human Rights Commission**.

Information for hirers

Vicarious liability means that you may be held legally responsible for the actions of members of your workplace on matters of discrimination. This includes the conduct of both employees and independent contractors. You can take a number of steps to help prevent discrimination and harassment in your workplace and reduce your vicarious liability. You can:

- develop strategies and policies with workers which prohibit discrimination and harassment
- train managers and staff on matters of discrimination
- distribute these policies regularly, such as by email, and provide them to new workers at induction
- ensure that supervisors reinforce your policies at meetings
- ensure that supervisors are aware of their own roles and accountability when dealing with workers
- conduct awareness raising sessions for all workers
- remove offensive or explicit material, such as calendars or posters, from the workplace.



What to do

- See the dispute resolution topic on page 26 of this handbook.
- Contact the **Australian Human Rights Commission** for information on discrimination and workplace bullying. Phone 1300 656 419 or visit [Australian Human Rights Commission](https://www.humanrights.gov.au).

Information specific to contractors

Business planning

As an independent contractor you are operating a small business. Planning your business future is an essential part of operating successfully as an independent contractor. Planning allows you to manage risks, identify opportunities, and set goals.

Consider formalising your goals in a business plan. Developing a business plan can help you identify and develop responses to some of the common issues facing contractors, such as:

- approaching and securing contracts from potential hirers
- managing annual holidays and sick leave
- managing your relationship with your hirers
- protecting and dealing with any intellectual property you develop
- managing your superannuation, taxation and legal requirements.

Understanding and addressing these issues will also be useful when you are negotiating contracts with hirers. For more information, see the contracts topic on page 10.

You should also understand the different legal structures you can adopt, including sole trader, partnership, company, or trust. For more information, see the Incorporating your business section on page 40.

Business planning is a useful exercise if you intend to apply for a business loan. Your business plan may include elements such as:

- an executive summary
- marketing analysis and plan
- operations plan
- management plan
- financial plan.

Adding an appendix of documents relevant to your independent contracting business such as financial statements, leases and legal documents is also worth considering.

Business planning is an ongoing business activity - you should review and revise your business plan at least once a year.



What to do

- **Business Enterprise Centres (BECs)** provide free advice and support. Visit BEC Australia at [BEC Australia](#) to search for your nearest BEC.
- Contact [business.gov.au](#) for more information about business planning on 13 28 46.
- Consult an experienced business adviser, accountant or solicitor.
- Visit [business.gov.au - Templates and Downloads](#) to find business and marketing plan guides and templates.

Establishing a contracting relationship

As an independent contractor, you are responsible for setting out the terms of your contracting agreement in consultation with the hirer. You need to consider several factors before entering into a contracting arrangement.

Setting a price for your services

One of the most important decisions you will make as an independent contractor is what you will charge for your services. You need to consider whether you will charge hourly or provide a fixed quote. The rate you charge should cover costs such as (if applicable):

- insurance
- tax
- workers' compensation
- leave provisions
- superannuation
- fees for professional services such as accountants
- training and licensing fees.

You should agree to the amount you charge for your services with your hirer before commencing any work and write this into your contract.

Apply for a Tax File Number (TFN)

A TFN is a unique number issued by the **ATO** to individuals and organisations that is used to administer tax.

- If you are operating as a sole trader you must use your individual TFN.
- If you are part of a partnership, trust or a registered company you will need to apply for a separate TFN, which can be obtained from the **ATO**.

Obtain an Australian Business Number (ABN)

An ABN is a unique 11 digit identifying number that businesses or independent contractors use when dealing with other businesses. Your ABN should be printed on all invoices or other documents relating to the work you provide.

Obtaining an ABN is advisable before undertaking work as an independent contractor, otherwise businesses may legally withhold 46.5% of payments from you. All businesses need to apply for an ABN. Some workers including apprentices, trade assistants, labourers, 457 visa holders, and labour hire workers are not entitled to obtain an ABN. You should check your eligibility with the **ATO**. You can apply for an ABN online at the **Australian Business Register**.

Register for Goods and Services Tax (GST)

You may need to charge GST on any goods or services you provide to your hirer. You must register for GST if:

- you have a GST turnover of \$75 000 or more
- you provide taxi travel as part of your business, regardless of your GST turnover.

You may register for GST if you are carrying on an enterprise (whether or not your GST turnover is at, above or below \$75 000).

For more specific information, see the Goods and Services Tax topic on page 46.

Drafting a Contract

You will need to enter into a contract with your hirer. It is important for you to have a written contract. You should consider contacting your lawyer, industry association, or union for assistance. For more information on contracts, go to the Contracts section on page 10.

Know how to invoice correctly

Your invoices should include items such as:

- rate of pay and duration (if applicable)
- GST component
- date the service was provided
- your details including name, address, phone number and email address
- description of the service provided
- any expenses you incurred under the contract
- your ABN.

If you are registered for GST and you make a taxable supply, you will ordinarily be required to issue a tax invoice which must contain certain information depending on the nature and value of the supply you make. Further advice can be obtained from the ATO website - find contact details on page 39.

Practice good record keeping

Clear and organised record keeping is vital for good business management and is also a legal requirement. Under tax law, you must keep business registration records and be able to explain your business transactions. You need to keep records relating to income tax, GST, payments to sub-contractors and payments to other businesses for at least five years. Records may be kept electronically or in hard copy.



What to do

- Visit the **ATO** website [ATO](#) or phone the Business Infoline on 13 28 66 to:
 - access information relating to TFN, ABN and GST applications
 - download e-Record, the **ATO's** free record keeping software
 - read the **ATO's** Record keeping essentials page and use the Record keeping evaluation tool to decide what records you need to keep.
- Visit the **ATO** website [ATO](#) or phone 1300 720 092 to:
 - request a copy of the *Add a new business account form*. Alternatively, you can ask your tax agent to fill out an application on your behalf.
- If you are a non-individual entity, you may apply for a TFN at the same time as your ABN on the **Australian Business Register (ABR)**. Visit [Australian Business Register](#) or phone 1300 720 092 to request an application.
- Read about GST on the **business.gov.au** website.
- Find a list of records that registered companies should keep on the **Australian Securities and Investments Commission (ASIC)** website at [ASIC](#) or phone 1300 300 630.

Incorporating your business

Independent contractors may choose to incorporate their business, usually as a Proprietary Limited (Pty Ltd) company. Such companies can enjoy the advantages of limited liability and selected tax deductions, such as business expenses. However incorporation changes the way workers' compensation and superannuation obligations are dealt with. You should consider a number of factors when deciding whether or not to incorporate.

Taxation

If you incorporate you will pay the corporate tax rate rather than the individual tax rate, as long as you meet the personal service business requirements. For more information, see our Personal Services Income Taxation topic on page 44.

Workers Compensation

Like employers, incorporated independent contractors become liable for paying workers' compensation. For more information, see the hirers section of our workers' compensation topic on page 18.

Superannuation

As an incorporated entity, your company will not qualify as an employee for Superannuation Guarantee purposes. Your hirer will no longer be required to pay your superannuation. Your company must however make super contributions for any eligible workers it employs, including you as a company director.



What to do

- Contact the **ATO** for information on taxation differences between business structures. Phone the Business Infoline on 13 28 66 or visit [ATO](#)
- Contact the **ASIC** to find out requirements for companies and how to incorporate. Phone 1300 300 630 or visit [ASIC](#).
- Visit business.gov.au for information on choosing a business structure and registering a company.

Training and licensing

Before starting work in any industry as an independent contractor, you should ensure that you are properly trained and licensed to do the job. In order to stay competitive and maintain a high standard of work, it's important for you to develop a training strategy and keep your knowledge base up to date.

Training

While training is often part of the employment package offered to regular employees, it's generally your responsibility as an independent contractor to make sure your skills keep up with current processes and technologies.

Maintaining high work standards and delivering the best possible result is the key to staying competitive, against both regular employees and other independent contractors in your industry. You may find that it's harder to secure contracts if you are not as well trained or qualified as your competitors.

Attending training on new technologies, industry specific topics or internal processes such as financial management, can help increase your profits and productivity. This may also enable you to take on contracts that otherwise may not have been within reach.

It's also important for you to factor any costs you will incur when undertaking training into any quotes you present to hirers.

Licences

In some industries, you may need to have specific business licences in order to take on certain contracts. Federal, state and local governments are responsible for different business licences, permits, registrations and certificates.



What to do

- Contact **business.gov.au** on 13 28 46 or visit [training.gov.au](https://www.training.gov.au) for information on training products and services.
- Attend a seminar or workshop in your state or territory. You can find a list on the [business.gov.au](https://www.business.gov.au) Event Finder at [business.gov.au - Event Finder](https://www.business.gov.au/-/Event-Finder).
- Contact your local TAFE college, private or online training provider or industry association. Search for industry associations at [business.gov.au - Directory](https://www.business.gov.au/-/Directory).
- Contact your local **Business Enterprise Centre** for business training and workshops. Find information at [BEC Australia](https://www.bec.gov.au).
- Search the **Australian Business Licence and Information Service (ABLIS)** website for assistance with finding the permits you need at [ABLIS](https://www.ablis.gov.au).
- Contact your local council or planning authority. For contact details, search the Directory of government and business associations at [business.gov.au - Directory](https://www.business.gov.au/-/Directory).

Personal services income taxation

In many cases, the income you receive for your work may be classified as personal services income (PSI). PSI is income that is mainly a reward for personal efforts or skills and is generally paid either to you as a contractor or to a personal services entity (a company, partnership or trust).

In any one contract, if the majority (more than 50 per cent) of the income you derive from delivering services comes from the use of your skills, knowledge, expertise or efforts, rather than the materials supplied and/or tools and equipment you use to complete the job, then the income for the contract will be classified as PSI.

There are special PSI tax rules to ensure that you do not use business structures to avoid your income tax obligations.

- If you operate as an individual (not a partnership, company or trust) you are entitled to claim certain expenses as tax deductions necessary to earn your income. The PSI rules may affect the deductions you can claim.
- If you operate as a partnership, your partnership is entitled to claim as tax deductions certain expenses necessary to earn partnership revenue. The partnership income is then distributed to each partner. Each partner must pay tax based on net income. The PSI rules may alter the allocation of income and expenses between partners.
- If you operate as a company or trust, the PSI rules may particularly affect you. The rules cover such issues as retaining income in the company, splitting income and some deductions.

A series of related tests are used to determine if PSI rules apply to PSI income. You should contact the Australian Taxation Office's (ATO) small business line for advice on how to use these tests. This will help you determine whether PSI rules apply to the income you earned as an independent contractor. For contact details, see the *What to do*.

Voluntary withholding tax arrangements with your hirer

You may also be eligible to enter into a voluntary agreement with the hirer that will enable the hirer to withhold tax for you. This may simplify the administration of your taxation. Further information on this option is available from the ATO. See the *What to do* for contact details.



What to do

- Contact the ATO Business Infoline on 13 28 66 or visit [ATO](#).
- Use the Personal services business self assessment checklist available through the ATO website at [ATO](#).
- Discuss your status with your accountant or financial adviser.

Goods and Services Tax

The Goods and Services Tax (GST) is a consumption tax charged at the rate of 10% on the value of the taxable supply of most goods, services and other items sold or consumed in Australia.

Businesses and independent contractors often include GST in the price of goods and services, including:

- sale of goods
- hire of equipment
- lease of premises
- provision of advice.

GST does not apply to services provided by an employee to his or her employer (i.e. wages and salary), but it does apply to services provided by an independent contractor to a hirer.

Registering for GST

As an independent contractor, you will need to register for GST if:

- you have a GST turnover of \$75 000 or more - (if your GST turnover is less, you can still choose to register)
- you provide taxi travel as part of your business, regardless of your GST turnover.

In order to register for GST, you must have an Australian Business Number (ABN). Your ABN will also be your GST registration number. For more information, see our Establishing a contracting relationship topic on page 36.

Registering for GST means you may need to charge it on the goods or services you supply to your hirer under your contract. You can also claim input tax credits for any GST paid on items you buy or use in performing your work under your contract.

If you are not registered for GST, you cannot include GST in the price of the goods or services you supply, and you will not be entitled to claim input tax credits for GST paid on items you buy or use in the course of your contract.

Paying GST

You are required to regularly pay the GST you collect to the ATO. It's important for you to include GST in the price of eligible goods and services, as you will still be liable to pay GST even if you forget to include it in the price you quote to your hirer. This can be quite costly as the tax will then be taken from your profits.

Business Activity Statements

A Business Activity Statement is used to report your business tax entitlements and obligations, including GST. The ATO has developed a range of resources, including sample statements and a reminder function to help you understand your reporting requirements.



What to do

- Visit the ATO website [ATO](#) or phone the Business Infoline on 13 28 66 to:
 - access information on the GST
 - access resources to assist individuals to understand Business Activity Statements
- Phone 1300 720 092 to request a copy of the *Add a new business account form* to register for GST.
- Read about GST at [business.gov.au](#).
- Register for an ABN and GST online at [Australian Business Register](#). Ask your tax agent to fill out a GST application on your behalf.

Information specific to hirers

Engaging independent contractors

You can hire independent contractors to work for you in a variety of situations. They can be engaged on a fixed term contract, they can be engaged to perform a specific task or they can be engaged to provide a service under a contract of indefinite duration.

As a hirer your obligations and responsibilities to independent contractors will differ from those you have toward employees.

Engaging apprentices

Apprenticeships are generally not suited to independent contracting relationships. In Australia, apprentices are typically employees who are covered by various awards. Apprentices are not entitled to an ABN.

Ending a contracting relationship

There are different ways to end the contracting relationship between yourself and your independent contractor.

- The most common way a contracting relationship ends is when both parties have performed all that is required of them under their contract.
- If you wish to end the contract before both parties have completed all set tasks you may mutually agree to end the contract.
- Some contracts allow agreements to be terminated if a defined period of notice is given (e.g. 14 days).

It is important to understand the different ways a contract can be terminated when the contract is being drafted.

Holidays and sick leave

Independent contractors have different leave provisions to regular employees. This is particularly important to know if you have independent contractors with ongoing contracts. Generally a service contract engaging an independent contractor would not contain leave provisions. This means that independent contractors are responsible for organising and funding their own holiday and sick leave.

Sham contracting

A sham contracting arrangement occurs when an employer deliberately disguises an employment relationship as an independent contracting arrangement, instead of paying the worker as an employee. This is illegal. For more specific information, see the contracts topic on page 10.



What to do

- Read the **contracts topic** of this handbook on page 10.
- Contact **business.gov.au** on 13 28 46 for information.

Payroll tax

Payroll tax is a tax on wages payable by hirers, and is administered separately in all states and territories. Payroll tax applies when a business's total Australian wages exceed the exemption threshold for its state or territory - very small businesses are often not required to pay payroll tax.

Many state and territory payroll tax laws define wages to include payments to both employees and independent contractors. As a hirer of independent contractors you should check with your state or territory revenue office to determine whether payments to your contractors are considered wages subject to payroll tax.

In order for your payments to an independent contractor not to be included in your payroll tax calculations, the independent contractor must meet one of a number of exemptions. Depending on the state or territory, these can include:

- the supply or use of goods owned by the independent contractor is the main object of the contract
- you engage an independent contractor to provide a service you do not normally require, which he or she also provide to other businesses and the general public
- the services you require, whether provided by an independent contractor or an employee, are provided for less than 180 days in a financial year
- the independent contractor works for less than 90 days in a year
- the independent contractor is an owner-driver whose main purpose is to deliver goods or services in a vehicle they own
- the independent contractor engages others to provide the services for which they are contracted for
- the Commissioner for state revenue in your state or territory may grant a special exemption in some cases.



What to do

- Check with your state or territory Revenue Office for information on payroll tax and independent contractors. Contact details are on page 59.
- Consult your financial professional for further advice and assistance.

Checklist for independent contractors

Are you an independent contractor or an employee?

There are many differences between independent contractors and employees. It is important that you know whether you are regarded as a contractor or employee. (Visit page 10)

Do you know how to write a good quality contract?

A well planned contract allows both independent contractors and hirers to identify the working relationship, rights and responsibilities, and expected outcomes before starting work. (Visit page 14)

Do you understand your Occupational Health and Safety (OH&S) obligations?

As an independent contractor, you have legal obligations under OH&S legislation. You also have rights to a safe and healthy workplace. (Visit page 17)

Do you know if you are covered by workers' compensation?

Some independent contractors need to arrange their own accident protection insurance. (Visit page 18)

Do you know what insurance you require?

Independent contractors are generally responsible for their own insurance cover. You need to be aware of the different kinds of insurance you may need. (Visit page 19)

Do you know who pays your Superannuation Guarantee?

A number of factors determine if you or your hirer should pay your superannuation. (Visit page 22)

Are you aware of who owns the intellectual property (IP) you create?

You should be aware of the legal ownership of IP you create while working for your hirer. (Visit page 24)

Are you aware of how you can resolve disputes with your hirer?

There are various ways you can resolve disputes, from alternative dispute resolution to court. (Visit page 26)

Do you know how you can engage in collective bargaining?

There are restrictions on how independent contractors can engage in collective bargaining. (Visit page 30)

Do you understand your anti-discrimination rights?

As an independent contractor, you have the right to a workplace free from discrimination and bullying. (Visit page 32)

Do you know how to undertake your own business planning?

It is important that you do business planning for your independent contractor business. Planning allows you to manage risks, identify opportunities and set goals. (Visit page 34)

Do you know how to properly establish a contracting relationship?

There are several factors you need to consider before entering into a contracting arrangement, including price, taxation requirements and recordkeeping. (Visit page 38)

Have you decided whether to incorporate your business?

Independent contractors may choose to incorporate their business to enjoy limited liability and tax advantages. There are a number of factors to consider when deciding whether to incorporate. (Visit page 40)

Do you know what training and licenses you require?

As an independent contractor, it is important you have the correct training and business licences. (Visit page 42)

Do you know your personal services income taxation requirements?

You need to ensure you understand whether you need to pay personal services income tax. (Visit page 44)

Are you required to register for Goods and Services Tax (GST)?

Some independent contractors will need to register for, and include GST on eligible goods and services. (Visit page 46)

Checklist for hirers

Are your workers contractors or employees?

There are many differences between independent contractors and employees. It is important that you know how to treat your workers based on these differences. (Visit page 10)

Are you confident that you are entering into a genuine independent contracting arrangement?

It is illegal to deliberately disguise an employment relationship as an independent contracting arrangement. (Visit page 48)

Do you understand your Occupational Health and Safety (OH&S) obligations?

As a hirer you are legally responsible for ensuring the safety of independent contractors at all times while in your workplace. (Visit page 17)

Do you have workers' compensation obligations to your independent contractors?

If you do not provide workers' compensation when you are required to, your state or territory work, health and safety and workers compensation agency could require you to pay any avoided workers' compensation premiums. (Visit page 18)

Does your insurance cover your independent contractors?

You need to know whether the independent contractors you have engaged are covered by your business's workers' compensation and liability insurance. (Visit page 19)

Are you required to pay superannuation contributions?

A number of factors determine whether or not you are liable to pay superannuation contributions for your independent contractors. (Visit page 22)

Do you understand your Intellectual Property (IP) rights?

Unless otherwise stated in the service contract, your independent contractor will retain ownership of any IP they create in the course of their work for you. (Visit page 24)

Do you know what to do in the event of a dispute?

In the event of a dispute with an independent contractor, attempt to resolve the matter directly with the independent contractor, or consider alternative dispute resolution. (Visit page 26)

Do you understand collective bargaining processes?

The Competition and Consumer Act 2010 has provisions to enable independent contractors to gain immunity to collectively bargain with you as a hirer. (Visit page 30)

Are you aware of your rights and obligations under anti discrimination law?

You must ensure that you provide a workplace free of discrimination and harassment. You can also be held legally responsible for the actions of your independent contractors. (Visit page 32)

Do you understand your payroll tax requirements?

As a hirer of independent contractors you should check with your state or territory revenue office to determine whether payments to your contractors are considered wages subject to payroll tax. (Visit page 44)

Australian Government agencies

Below is a list of business related Australian Government agencies referenced within this checklist. For a more complete list of agencies, visit the business.gov.au Directory of government and business associations at business.gov.au - [Directory](https://business.gov.au).

AGENCY	PHONE	WEBSITE
Australian Competition and Consumer Commission (ACCC)	1300 302 502	ACCC
Australian Human Rights Commission	1300 656 419	Australian Human Rights Commission
Safe Work Australia	1300 551 832	Safe Work Australia
Australian Securities and Investments Commission (ASIC)	1300 300 630	ASIC
Australian Taxation Office (ATO) Business Infoline	13 28 66	ATO Australian Business Register
National Training Information Service - Department of Industry and Science		training.gov.au
Fair Work Commission	1300 799 675	Fair Work Commission
Fair Work Ombudsman	13 13 94	Fair Work Ombudsman
IP Australia	1300 651 010	IP Australia

AGENCY	PHONE	WEBSITE
National Alternative Dispute Resolution Advisory Council – Attorney General’s Department	(02) 6141 6666	Attorney-General’s Department
business.gov.au	13 28 46	business.gov.au

State and territory agencies

Business agency index

Each state and territory has a business agency or department that provides advice and support to small businesses.

STATE	NAME	PHONE	WEBSITE
ACT	Innovation Trade and Investment	13 22 81	Innovation Trade and Investment
NSW	NSW Department of Industry	1300 134 359	NSW Department of Industry
	NSW Small Business Commissioner		NSW Small Business Commissioner
NT	Department of Business	08 8999 5511	Department of Business
QLD	Queensland Government Department of Business	13 74 68	Government Business and Industry
SA	Department of State Development	08 8226 3821	Department of State Development

STATE	NAME	PHONE	WEBSITE
TAS	Department of Economic Development, Tourism and the Arts	1300 135 513	Department of State Growth
VIC	Department of State Development, Business and Innovation	13 22 15	Business Victoria
WA	Small Business Development Corporation	13 12 49	Small Business Development Corporation

Revenue Office index

Each state and territory has a Revenue Office responsible for state taxes.

STATE	NAME	PHONE	WEBSITE
ACT	ACT Revenue Office	02 6207 0088	ACT Revenue Office
NSW	Office of State Revenue	1300 139 815	Office of State Revenue
NT	Department of Treasury and Finance	1300 305 353	Department of Treasury and Finance
QLD	Office of State Revenue	1300 300 734	Office of State Revenue
SA	Revenue SA	1800 637 778	Revenue SA
TAS	State Revenue Office	03 6166 4444	State Revenue Office
VIC	State Revenue Office	13 21 61	State Revenue Office
WA	Office of State Revenue	1300 368 364	State Revenue

WH&S and workers compensation agency index

Each state and territory agency is responsible for promoting and enforcing workers compensation and work health & safety legislation.

STATE	NAME	PHONE	WEBSITE
Federal	Safe Work Australia	1300 551 832	Safe Work Australia
ACT	WorkSafe ACT	02 6207 3000	Worksafe ACT
NSW	WorkCover NSW	13 10 50	WorkCover NSW
NT	NT WorkSafe	1800 019 115	NTWorkSafe
QLD	Fair and Safe Work Queensland	1300 369 915	Fair and Safe Work
SA	WorkCover SA	13 18 55	ReturntoWorkSA
SA	SafeWork SA	1300 365 255	SafeWork SA
TAS	WorkSafe Tasmania	1300 366 322	Work Safe Tasmania
VIC	WorkSafe Victoria	1800 136 089	Work Safe Victoria
WA	WorkSafe WA	1300 307 877	WorkSafe WA
WA	WorkCover WA	1300 794 744	WorkCoverWA

Mediation services in your state or territory

Free or low cost mediation services available to independent contractors.

STATE	SERVICE	COURTS OR TRIBUNALS * #
ACT	Conflict Resolution Service Ph: 02 6162 4050 Conflict Resolution Service	ACT Civil and Administrative Tribunal ACT Civil and Administrative Tribunal
NSW	Community Justice Centres Ph: 1800 990 777 Community Justice Centres	Justice NSW Justice NSW
NT	Community Justice Centres Ph: 1800 000 473 Community Justice Centre	Northern Territory Magistrates Court Northern Territory Magistrates Court
QLD	Dispute Resolution Centres Dispute Resolution Centres	Queensland Civil and Administrative Tribunal Queensland Civil and Administrative Tribunal
SA	<i>No free or low cost mediation services available to independent contractors.</i>	Courts Administration Authority of South Australia Courts Administration Authority of South Australia
TAS	<i>No free or low cost mediation services available to independent contractors.</i>	Magistrates Court of Tasmania Magistrates Court
VIC	Office of the Victorian Small Business Commissioner Ph: 13 87 22 Victorian Small Business Commissioner	Victorian Civil and Administrative Tribunal Victorian Civil and Administration Tribunal

STATE	SERVICE	COURTS OR TRIBUNALS * #
VIC	Dispute Settlement Centre of Victoria Ph: 1300 372 888 Dispute Settlement Centre of Victoria	Magistrates Court of Victoria Magistrates' Court of Victoria
WA	Citizens Advice Bureau of WA Ph: 08 9221 5711 Citizens Advice Bureau Small Business Development Corporation Ph: 13 12 49 Small Business Development Corporation	Magistrates Court of Western Australia Magistrates Court of Western Australia

* Check your local phone book for a court in your area.

These courts and tribunals hear disputes about monies owed or breach of contract. Most unfair contract disputes are heard in the Federal Magistrates Court or Federal Court.

Glossary

Note: Words in a definition that appear elsewhere in the glossary are in bold font.

TERM	DEFINITION
Alternative dispute resolution (ADR)	Where an impartial person assists those involved in a dispute to resolve the issues between them. See arbitration , mediation and conciliation .
Arbitration	A form of alternative dispute resolution where the participants to a dispute present arguments and evidence to an arbitrator who makes a binding determination.
Australian Business Number (ABN)	A single identifying number used when dealing with other businesses and the ATO.
Codes of practice	Set out specific standards of code in an industry. Can be mandatory or voluntary.
Conciliation	A form of alternative dispute resolution that is similar to mediation except that the conciliator attempts to get the parties to agree on a resolution of the dispute based on relevant legal principles.
Equal opportunity	A practice allowing all persons to be treated fairly and equitably in the workplace.
Executive summary	A short summary of a business plan which appears at the start of the document.
Financial plan	A plan which details how you will finance your business, the costs involved and financial projections.
Fringe benefits tax (FBT)	A tax paid by employers on behalf of their employees on non-cash benefits including company cars and mobile phones.

TERM	DEFINITION
Goods and Services Tax (GST)	A broad-based tax of 10 per cent on the sale of most goods and services in Australia.
GST Credits	Can be claimed for the GST included in the price of goods or services bought for use in your business.
Hirer	The business or organisation that engages the services of an independent contractor .
Independent contractors	Workers who run their own businesses and are generally free to negotiate their own fees and working arrangements.
Intellectual property (IP)	Intangible property such as copyright, designs, patents, trademarks and trade secrets .
Licence	A legal document that grants a business or person with official permission to conduct a certain activity.
Marketing plan	A plan which details how you will market and promote your business.
Mediation	A form of alternative dispute resolution in which the participants work with a mediator to identify the issues in dispute, develop options, consider alternatives and try to reach an agreement.
Operations plan	A plan which details how you will set up your business, detailing the business structure, location and regulations.
Partnership	An association of people who carry on a business as partners or receive income jointly.
Pay As You Go (PAYG) withholding	A tax withheld by hirers from contractors to pay to theATO.

TERM	DEFINITION
Personal Services Income (PSI)	A reward for, or the result of, your personal efforts or skills which can affect tax obligations for independent contractors.
Personal Services Businesses (PSB)	Businesses that have met ATO tests. PSI rules don't apply to these businesses.
Sham contract	When a hirer deliberately disguises an employment relationship as an independent contracting arrangement so they do not have to give employment entitlements including superannuation and workers' compensation.
Sole Trader	A business that is owned, controlled and managed by an individual.
Superannuation	An investment made for a person's retirement.
Superannuation Guarantee (SG)	An Australian Government scheme that requires employers to make superannuation contributions for employees . In some circumstances, a hirer may be required to make contributions for an independent contractor who is considered an 'employee' under SG laws.
Superannuation Guarantee charge	A tax penalty on late superannuation payments.
Tax File Number (TFN)	A unique number issued by the ATO to individuals and organisations to monitor income and tax details.
Trust	A business entity where a person, persons or an organisation manages property (including real, tangible and intangible) for the benefit of another (beneficiary).

TERM	DEFINITION
Vicarious liability	Where the hirer is liable for the actions of contractors which may cause harm to a third party.
Voluntary agreement	A written agreement between a hirer and a contractor to bring payments into the Pay As You Go (PAYG) system.
Workplace	For independent contractors , a workplace may include a hirer's premise or your own arrangements.

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Also available from [business.gov.au - Independent Contractors](https://business.gov.au)

ABN Lookup

The simple way to find ABN information:

[Australian Business Register](https://business.gov.au)

Business checklists

Start and grow your business the easy way:

[business.gov.au - Checklists](https://business.gov.au)

Business consultation

Consult with government on issues affecting your business:

[business.gov.au - Business Consultation](https://business.gov.au)

Business planning

Free guide and business plan template:

[business.gov.au - Business Planning](https://business.gov.au)

Grant Finder

Find business-related government grants & assistance:

[business.gov.au - Grant Finder](https://business.gov.au)