<table>
<thead>
<tr>
<th>Area</th>
<th>Employee</th>
<th>Independent Contractor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lawful authority to command</strong></td>
<td>If the lawful authority to command rests with the payer of the service, an employee relationship exists. Where the professional skills or judgement of the worker overrides the ability of the payer to exercise control it diminishes this directive ability.</td>
<td>The hallmark of a contract for services is that the contract is one revolving around the production of a given result. The contractor works to achieve the results defined in the contract. The contractor works on their own account to achieve this.</td>
</tr>
<tr>
<td><strong>How the work is performed</strong></td>
<td>Tasks are performed at the request of the employer. The worker is said to be working in the business of the payer.</td>
<td>An independent contractor enters a contract to deliver specific tasks or a series of tasks. They maintain a high degree of discretion about how the tasks are to be performed. However, they can be asked to use certain materials or comply with certain criteria to deliver the task.</td>
</tr>
<tr>
<td><strong>Risk</strong></td>
<td>An employee bears little or no risk. They are not routinely exposed to commercial risk. This is borne by the payer. The payer is generally responsible for any loss incurred by the performance of poor work.</td>
<td>An independent contractor bears the risk associated with completing a task at either a profit or loss. They also bear liability for rectification or injury sustained in the performance of the task. Generally, they are expected to carry insurance.</td>
</tr>
<tr>
<td><strong>Place of performance</strong></td>
<td>A worker under contract of service will generally perform the tasks on the payer’s premises.</td>
<td>A contractor will provide their own assets/tools and may work at a number of locations.</td>
</tr>
<tr>
<td><strong>Hours of work</strong></td>
<td>An employee generally works standard or set hours.</td>
<td>An independent contractor generally sets their own hours.</td>
</tr>
<tr>
<td><strong>Leave entitlements</strong></td>
<td>An employment contract will generally provide annual leave, long service leave, sick leave, superannuation and other benefits.</td>
<td>Generally, an independent contract would not contain leave provisions.</td>
</tr>
<tr>
<td><strong>Remuneration</strong></td>
<td>An employee is generally paid an hourly rate, piece rates or award rates.</td>
<td>Payment to an independent contractor is based upon performance of the contract.</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td>An employee is generally reimbursed for expenses.</td>
<td>In independent contractor is responsible for their own expenses.</td>
</tr>
<tr>
<td><strong>Appointment</strong></td>
<td>An employee is generally recruited through an advertisement by the employer</td>
<td>Independent contractors generally advertise their services to the wider public.</td>
</tr>
<tr>
<td><strong>Termination</strong></td>
<td>An employer reserves the right to dismiss an employee at any point in time (subject to state or federal dismissal provisions).</td>
<td>An independent contractor is appointed to complete a set task/s. The payer may only terminate the contract where the contractor has not fulfilled the conditions of the contract. The contract will usually contain terms for dealing with defaults by either party.</td>
</tr>
<tr>
<td><strong>Delegation</strong></td>
<td>An employee has no inherent right to delegate tasks to another. However, there may be some power to delegate some duties to other employees.</td>
<td>An independent contractor may delegate some or all of the tasks to another person and may employ other persons unless explicitly precluded in the contract.</td>
</tr>
<tr>
<td><strong>Equipment</strong></td>
<td>Plant and equipment is usually provided by the employer.</td>
<td>The contract usually specifies who is to provide the plant and equipment. This is usually the responsibility of the contractor.</td>
</tr>
<tr>
<td><strong>Scheduling of work</strong></td>
<td>An employer determines or controls the timeframe within which the work is to be performed.</td>
<td>The work will be performed in accordance with the agreed schedules and consistent.</td>
</tr>
<tr>
<td><strong>Expectation of work</strong></td>
<td>An employee usually has an ongoing expectation of work.</td>
<td>A contractor is usually engaged for a specific task.</td>
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<tr>
<td><strong>Method of payment</strong></td>
<td>An employer usually pays an employee according to an award or employment agreement.</td>
<td>A contractor usually invoices the person who engages them for their service.</td>
</tr>
<tr>
<td><strong>Taxation</strong></td>
<td>An employee pays PAYG tax which the employer pays on behalf of the employee.</td>
<td>A contractor usually deals with their own tax remittances.</td>
</tr>
<tr>
<td><strong>Relationship to the business</strong></td>
<td>An employee is usually an integral part of the employer’s business.</td>
<td>A contractor’s work is usually an accessory to the business.</td>
</tr>
<tr>
<td><strong>Ability to accept other work</strong></td>
<td>A full-time employee is usually restricted to work for the one employer during normal business hours.</td>
<td>A contractor can accept as many contracts as they wish.</td>
</tr>
<tr>
<td><strong>Right to refuse work</strong></td>
<td>An employee does not have the right to continually refuse a reasonable task.</td>
<td>A contractor agrees to the tasks beforehand. The contract governs the tasks to be performed.</td>
</tr>
</tbody>
</table>