Differences between employee and independent contractors

	Employees	Independent contractors (self-employed worker or freelancer)
Employment status	Works for one client or company.	Independent contractors can work for many clients or companies.
Control	The payer has direct and effective control of how and when the work is carried out.	Client has no or only limited control over how and when the work is done.
Tools and equipment	Tools and equipment are usually provided by the payer, who is also responsible for repair, maintenance and insurance costs. The payer will also retain the right to use the tools and equipment provided to the employee. Employees sometimes have to provide their own tools. Providing your own tools does not automatically make you an independent contractor.	Independent contractors usually own the tools and equipment necessary to accomplish the work. They are also responsible for costs of repairs, maintenance and insurance. Contractual control of, and responsibility for, an asset in a rental or lease situation is also usual for independent contractors.

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Subcontractors and assistants	Employees have to personally do the work they have been assigned and cannot decide to hire helpers or assistants without the express consent of the payer.	Independent contractors and freelancers do not personally have to carry out the work for which they have been hired. They can hire another party to complete all or part of the work required. The payer has no say into whom the independent contractor hires.
Financial risk	Employees will generally be reimbursed for any expense incurred in completing their work. They are not usually responsible for any operating expenses and are not financially liable if they do not fulfil the obligations of their contract. The relationship between a worker and an employer is usually continuous; it is not limited to a specific task.	Independent contractors generally take on a measure of financial risk and can incur losses. They often have fixed operating costs relating to operating a workspace or hiring helpers or assistants. The relationship between an independent contractor and a payer is often limited to a specific job rather than an ongoing relationship.
Responsibility for investment	An employee usually does not need to make	Independent contractors may be required to make significant

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and management	any investment in order to provide the service required by the payer.	investments to provide the service required.
Opportunity for profit	Even though their pay can vary depending on the terms of their contracts, employees normally do not have the chance to profit from their work.	Independent contactors may have the chance to profit or incur losses from their work. They can set their own prices and normally incur expenses to complete the work.
Benefits	Employees are entitled to benefit plans such as registered pension plans, group accident, health and dental insurance plan.	Independent contractors are not entitled to benefit plans.

Questions to ask to determine a person's employment status

Here are questions you can ask to help you determine whether someone is an employee or an independent contractor.

- What was the intent of the parties? Did you intend to enter into a contract of service (employer-employee relationship) or did you intend to enter into a contract for services (business relationship)?
- Is he or she given instructions, supervised, controlled or subject to discipline?
- Is he or she told what to do, how to do it and when to do it?
- Does the person have to do the work himself or herself, or could that person have it completed by someone else?

- Does the person perform work normally or previously performed by an employee?
- Does the person use tools, space, supplies and equipment that you own?
- Is the worker's income always the difference between the cost of providing the service and the price charged for the service? If so, the worker may not be an employee.
- Is the person at risk of losing money if the cost of doing a job is more than the price charged for it? If not, this would indicate an employment relationship.
- Does the person receive regular payments of regular amounts, regardless or customer satisfaction or customer payment? This would indicate an employment relationship.