

Hiring Workers as Contractors



I want to hire my support worker as a contractor - can I do this?

It is important that you are confident about whether your worker is actually an employee or a contractor. Just because you want to have a contractor does not mean that they automatically can be one. There are rules that apply.

You can use the ATO decision tool to help you decide:



www.ato.gov.au/business/employee-or-contractor/how-to-work-it-out--employee-or-contractor/



Be A Boss



If my support worker is a sole trader contractor, they are responsible for everything. Is this correct?

Unlike many other professions, this is not necessarily correct for sole trader contractors in a support worker role. They are responsible for declaring their own income and paying their tax, but you are still responsible for considering Workers Compensation insurance, Superannuation and Health and Safety.



Tax

The contractor will invoice you for their work. They will either have an ABN or use a Statement by Supplier form.

They are responsible for declaring their income and paying their own tax. You are not responsible for their tax.



www.ato.gov.au/forms/statement-by-a-supplier-not-quoting-an-abn



Insurances

You will still need to consider having Worker's Compensation Insurance to protect them if they are injured while working for you even though they are an independent contractor. This is because they might still be considered a 'worker' under the Worker's Compensation and Injury Management Act.

The contractor needs to consider having Public Liability insurance to protect themselves if they cause damage or harm when they are working. You can ask if they have this insurance cover.

The contractor also needs to consider having adequate motor vehicle insurance if they are using their car. You can ask if they have this insurance cover, a current driver's licence and their vehicle is registered.



www.workcover.wa.gov.au/employers/understanding-your-rights-obligations/covering-your-workers/contractors-subcontractors



Superannuation

You will still need to consider if you have to pay them the Superannuation Guarantee because under the Superannuation Guarantee (Administration) Act they may be considered an “employee” for superannuation purposes.



www.ato.gov.au/Business/Super-for-employers/Working-out-if-you-have-to-pay-super/Contractors



Health & Safety

You will still be responsible for providing a safe workplace that does not expose your workers to hazards and also make sure they have adequate training, instruction and information about the work they are doing.



www.commerce.wa.gov.au/worksafe/employers-your-responsibilities



Can I just ask a support worker to get an ABN (Australian Business Number) and become a contractor?

ABN

Not everyone is entitled to an ABN. To be entitled to an ABN the person must be carrying on a business in Australia. This means that they must have started trading or have undertaken business-like activities.

Having an ABN does not, by itself, automatically make someone a contractor.

There are criteria to be met for being a contractor. Having an ABN is only one of these criteria. The ATO has further information about this:



www.ato.gov.au/Business/Employee-or-contractor

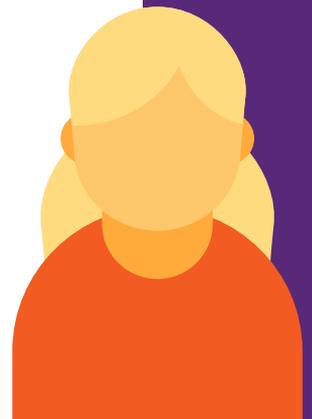


www.ato.gov.au/business/employee-or-contractor/myths-and-facts

If a worker provides services as an employee or undertake activities as a hobby, they are not entitled to an ABN for those services and activities.



www.abr.gov.au/business-super-funds-charities/applying-abn/abn-entitlement





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