



FAMILY WEALTH
PROTECTION ADVISORY PTY LTD

Employee or Contractor?

A simple guide for business owners



Getting worker arrangements right can help avoid unpaid tax, super, penalties and messy disputes.





The main idea

The label on the paperwork is not the whole answer. The real question is how the arrangement works under the contract.



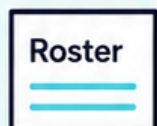
Simple test: Is the person working inside your business, or are they running their own business while providing a service to you?



Usually looks like an employee

Cafe barista

The cafe sets the shifts, provides the machine, gives the procedures, and the barista serves customers as part of the cafe team.



Usually looks like a contractor

Electrician

The electrician quotes for new lights, brings tools, decides how to do the job, and fixes problems with their own work.



Why it matters

If the worker is an employee, your business may need to withhold PAYG tax, pay super, and meet other employment obligations. If they are a contractor, they usually manage their own tax, but super may still apply in some cases.



Six practical questions

Use these questions before you engage a worker. One answer is not enough by itself. Look at the whole arrangement.



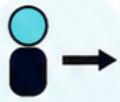
How to use this page

Tick one box for each question. Then add up each column.

- Employee column = points towards employment
- Contractor column = points towards contracting

Employee

Contractor



1 Who controls the work?

If you set the hours, location, method and procedures, that points towards employment. If the worker decides how to complete the job, that points towards contracting.

☐
☐


2 Are they part of your team?

Uniforms, your systems, your training and set duties can make the worker look like part of your business.

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3 How are they paid?

Hourly, weekly or rostered pay points towards employment. A quoted price for a finished result points towards contracting.

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4 Can they send someone else?

If they must personally do the work, that points towards employment. If they can pay another suitable person to do the work, that points towards contracting.

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5 Who brings the tools?

If your business supplies the main tools or reimburses them, that points towards employment. If they provide their own major tools, that points towards contracting.

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6 Who fixes mistakes?

If your business pays to fix poor work or damage, that points towards employment. If the worker fixes it at their own cost, that points towards contracting.

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☐


How to read the score

More Employee boxes: likely employment risk. Check PAYG, super and employee obligations.

Even split: do not guess. Review carefully and get advice before treating them as a contractor.

More Contractor boxes: may be contractor, but still check the contract and whether super applies.

This score is only a guide. The full contract and working arrangement still need to be reviewed.



Everyday scenarios

These examples show how the same idea works in real business settings.



The shop window cleaner

A window cleaner quotes \$250 to clean the windows. They get paid when the job is finished properly, even if it takes longer than expected.

Likely contractor feature: paid for a result.



The call centre worker

A worker answers calls using your system, follows your script, works rostered shifts and is supervised by your manager.

Likely employee feature: your business controls the work.



The gardener with their own trailer

A gardener brings their own mower, trailer, trimmer and tools. They invoice after the gardens are maintained to the agreed standard.

Likely contractor feature: own tools and agreed result.



The hotel housekeeper

A room attendant wears the hotel uniform, follows hotel standards, works set hours and is part of the housekeeping team.

Likely employee feature: integrated into the business.



Important: A contractor label, an ABN or an invoice does not automatically make the arrangement contracting.





Common myths

These are the traps that often cause problems.



Myth: They have an ABN, so they are a contractor.

Reality: An ABN does not decide the relationship.



Myth: They send invoices, so they are a contractor.

Reality: Invoices alone do not decide the arrangement.



Myth: The contract says contractor, so we are safe.

Reality: The legal rights and obligations still need to support that position.



Myth: The worker wants to be a contractor, so that is enough.

Reality: Preference does not decide the issue.



Myth: Contractors mean no super.

Reality: Super may still apply, especially where the contract is mainly for the worker's labour.

A safer approach

Check each worker before they start. Keep the contract, invoices, position details and your assessment on file. If the arrangement changes, review it again.





Before you engage a worker

Use this short checklist before the first day of work.

Contract	Does the written agreement match how the job will actually work?
Control	Who decides what, where, when and how the work is done?
Payment	Are they paid for time worked or for a completed result?
Tools	Who supplies the main equipment and pays for it?
Subcontracting	Can they pay someone else to do the work?
Risk	Who pays to fix mistakes, damage or poor work?
Integration	Are they part of your team or running their own business?
Super	Could super still apply even if they are a contractor?



Need help reviewing your worker arrangements?

We can help identify where your business may have tax, super or compliance risk before small issues become expensive problems.

Source basis: Australian Taxation Office employee or independent contractor guidance.
This brochure is general information only. It is not legal, tax or financial advice.



Need help reviewing your worker arrangements?

If you are unsure whether a worker should be treated as an employee or contractor, we can help you work through it.



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Email

hello@fwpadvisory.com.au



Call

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Book an online meeting

Scan the QR code
to book a time

Use your phone camera.



Simple guidance. Clear next steps.

Book a quick meeting if you want help before engaging a worker.