

The Concept of Contracting

Contractors provide business services to a client company to undertake predetermined tasks during a set period of time, perhaps to complete a one off project or to meet short term fluctuations in business activity.

What it means in terms of employment? Answer - You are self-employed

Below are some of the implications of being a “self-employed contractor”

- The intention of all parties involved in the contract is not to form an employment relationship, and the actual nature of the relationship reflects this
- The contractor may accept similar work from a number of different sources at the same time unless stated in the contract with the client
- Contractors are responsible for paying their own tax, GST and ACC levies.

Tax and GST – Contractors are paid an agreed rate whether it be monthly, weekly, daily or hourly. Out of this payment they must pay tax. To find out what this will be and how to pay see the Inland Revenue website www.ird.govt.nz

GST – Contractors can be paid their agreed rate plus GST. If you expect your turnover to be over \$60,000 in a 12 month period, you will need to register for GST or you can choose to register for GST even if your annual turnover is less than \$60,000. This is referred to as voluntary registration. For more information have a look on the Inland Revenue website, under registering for GST www.ird.govt.nz/gst/

ACC – As a contractor you are responsible for paying your ACC levies. The employee side will be included in your tax payment, however as you are self employed you must also pay as the employer. ACC provides a range of online services for self-employed users to check levy account details, sign up for automated alerts and maintain their personal details have a look at the ACC website www.online.acc.co.nz/LevyServices

What are the Advantages of Contracting?

- As a contractor you have complete **flexibility** in how you work. You can decide what length of contract you take on and (unless a fixed daily rate has been agreed) you will be paid for the hours you work. As long as the client is happy you can be more flexible in what hours of the day you work.
- The **variety**, you will be exposed to a significantly higher number of companies and individuals. As a result you can gain a greater breadth of experience more rapidly than you would in a permanent position.
- Contractors can expect **higher rates of pay** than their permanent counterparts.
- Being your **own Boss**, contractors can choose when and what length of holiday they want to take. The same goes for training, if you want to take time off to do a course and also the choice of course, it's up to you what direction you want to take your career.

Why Contracting might not suit you?

- You need to be comfortable working in different environments or working with different people on a regular basis.
- As a contractor you are not entitled to sick and holiday pay, and you won't have access to company benefit schemes such as contributory pensions, healthcare and training. These are the benefits of being a permanent employee.
- Being self employed means there will be forms to fill in, rules to obey and accounts to keep all of which you are responsible for (of course this is something you can get advice on and using an accountant can take away a lot of the paperwork)
- You may find that you have time between contracts where you can't find work. This can be for a variety of reasons, possibly the time of year or the general market conditions. Beyond would endeavour to ensure that you are out of work for the shortest possible time however, we can not guarantee what work we will have for you.

Contracting Through Beyond Services

All contractors that work through Beyond are self employed and we recommend that you talk to an accountant who will going in to greater detail on the implications of being a contractor and advise you on the best structure to suit your circumstances. Beyond works closely with Markhams in Wellington and Lock and Partners in Auckland who offer Beyond contractors a free 30 minute consultation service. All Beyond Contractor are provided with indemnity insurance while on assignment, this service is provided at no extra charge. If you want to go in to contracting but really don't want the responsibility of managing your own tax, then there are other options. We have associations with a company called CXC Global who can do salary packing and payroll, for this they charge a percentage of your rate.

Payment - Whilst on contract through Beyond you will be expected to complete weekly timesheets, this will then need to be approved by the client and sent through to our finance department. You will then need to invoice Beyond monthly for the hours you have worked and you will be paid on a monthly basis.

Contact – We will keep in regular contact with you once you have signed up with Beyond. We have a large team which will keep in touch when you are looking for roles as a candidate and also once you're working our Contractor Manager will always be available to meet for a coffee and answer any queries you may have. We also have regular contractor lunches, these reasonably informal gatherings paid for by Beyond, all our working contractors are invited and it's a great opportunity to catch up and network with the Beyond staff and other contractors.

* The information given is accurate to the best of Beyond's knowledge but we take no accountability for you acting on this advice, these are guidelines only and it is your responsibility to make sure you meet any legislative requirements as a self employed contractor.