

**Guidance for Contractors**

***Employment status***

All contractors represented by and engaged through Careering Options are deemed to be self-employed. Neither Careering Options nor its clients have, or intend to have, an employment relationship with any contractor. That means that contractors do not receive paid sick or annual leave, nor payment for public holidays nor employer contributions to their Kiwisaver or other superannuation fund.

Sometimes, a client might invite a contractor to move from a contract to fixed-term or permanent employment. A client might also ask Careering Options to help them recruit for a fixed-term or permanent role. In either situation, Careering Options will clearly and carefully explain what is involved and ensure you make an informed decision.

***Tax obligations***

Your tax obligations will partly depend on the legal structure you choose to operate under. The most common options are *sole trader* and *limited liability company*. Your accountant or lawyer will be able to explain the pros and cons of each and advise on which is better suited to your circumstances.

The tax obligations that typically arise in the context of your contracting relationship with Careering Options are earnings-related tax and GST.

Careering Options pays earnings-related tax (called *withholding tax* or *schedular payments*) on your behalf. You must declare the rate at which the tax should be calculated, which happens at the start of the contract, using guidance from the Inland Revenue Department.

For contractors who are registered to charge GST, Careering Options has IRD approval to generate a buyer-created invoice, meaning that you do not have to send us an invoice for your hours worked. This requires your prior permission. We pass on your GST charge to the client and pays you the GST-inclusive amount (less your withholding tax). It is then your responsibility to report your GST earnings and payments to IRD and settle any tax to pay.

You are also liable for payment of ACC levies and any provisional or residual income tax. Careering Options has no responsibility for these or other tax obligations (such as student loan repayments).

Contractors are also responsible for keeping their own financial and tax records, although Careering Options can provide copies of invoices and timesheets, on request.

You can find links to detailed guidance from IRD and ACC on your obligations on our [contractor portal](https://www.careeringoptions.co.nz/contractor-portal).

***Contractual responsibilities***

Each assignment is governed by a contract between Careering Options and the client and a separate contract between Careering Options and the contractor. This is an important distinction: your contract is with Careering Options, not the client; we contract with the client on your behalf.

When you first sign up with Careering Options, you complete a Registration Agreement which sets out the terms of business between us. The terms of business are repeated in the specific contract for each assignment, along with brief details of the assignment, the term of engagement, the hourly rate you will receive (before tax) and the person you will report to.

While it is important to develop a trusted working relationship with the person you report to, your contractual obligation is to Careering Options, not that person. That means that any discussions about significant changes to your tasks or variation to your expected weekly hours of work or duration of your assignment need to be referred to Careering Options.

Equally, you are obliged to refer any inquiries about your availability for subsequent contracts or employment in the same organisation to Careering Options.

***Pricing & payment***

For those new to contracting, your Careering Options consultant will guide you on the appropriate hourly rate for your skills & experience. Clients expect contractors to have relevant skill and experience, to hit the deck running and to produce quality work first time, with little need for revision. These expectations, along with the value of benefits foregone as a contractor rather than an employee, are priced into your hourly rate. Contractors typically earn 150-175 percent more than the hourly rate of an equivalently positioned employee.

We charge clients for more than your hourly rate. We include a margin that reflects the value we bring to the table, along with a fee that we pay to participate in the all-of-government recruitment services agreement. We invoice clients at the end of each calendar month for the hours you have worked during that month and expect payment by the 20th day of the following month. We pay you on or before the 20th, regardless of whether we have received the client’s payment. So you can be confident about meeting your own financial obligations without worrying about chasing up unpaid invoices.

The process of approving timesheets and payment with clients sometimes hits a snag. Contractors can help avoid any issues by submitting timesheets weekly through *Invoxy* (our on-line time recording and invoicing system) and ensuring all approvals are up to date as soon as possible after the final work day of each month. Contractors should also let us know if there are any changes to the person responsible for approving their timesheets and/or invoices at the client organisation.

Detailed guidance on using *Invoxy* is available on our [contractor portal](https://www.careeringoptions.co.nz/contractor-portal).

***Privacy***

Contractors entrust important personal information to Careering Options in the course of working with us. We recognise our obligation to keep your information secure and only to use it for the intended purpose.

We collect personal information for the purpose of representing you for work opportunities and, following engagement, to pay you and help you meet your tax obligations. We store personal information in our client/contractor management system (*JobAdder*), in our time-recording and invoicing system (*Invoxy*), in our payment system (*PayHero*) and in our accounting system (*Xero*).

Each of these systems is cloud-based, with a high level of security for their client records.

Contractors have the right to review all of their personal information we hold and to correct or update it as required. We will always check to ensure we have the latest version of your CV before representing you for a role.

We also collect evaluative information about contractors through reference checks, for the purposes of providing assurance to clients about the contractor’s experience, performance and attributes. Access to evaluative information is governed by the relevant section of the Privacy Act 2020 and depends on the referee’s consent.