

# EMPLOYEE VS. CONTRACTOR

October 2025

## INTRODUCTION

Employees will sometimes have opportunities to work as contractors for a few more dollars an hour. This can seem like a straightforward decision, but there are additional costs to being an independent contractor to be aware of before making this important decision.

## DEFINITIONS

Employee
Works for an employer and is paid through regular payroll. Taxes and other government payments are removed at source.
Contractor
Independent business-operators are paid via invoice. Are responsible for remitting business taxes and other required fees.

## ITEM-BY-ITEM

Item:	Employee	Contractor
Paid vacation	✓	✗
Paid sick time	✓	✗
Paid stat holidays	✓	✗
Paid overtime (OT)	✓	✗
Bonuses	✓	✗
Employee benefits	✓	✗
Paid training	✓	✗
Issue invoices	✗	✓
Collect payments	✗	✓
Remit GST	✗	✓
Pay WCB premiums	✗	✓
File & pay for business tax	✗	✓

## CONTRACTOR EQUIVALENT RATES

If you decide to become an independent contractor, you would need to charge **at least 30%** more than your hourly rate as an employee to cover the additional taxes, fees, time-off equivalents, and business expenses you will incur.

Employee Hourly Rate:	Contractor Equivalent Rate:
\$25.00	\$32.50
\$26.00	\$33.80
\$27.00	\$35.10
\$28.00	\$36.40
\$29.00	\$37.70
\$30.00	\$39.00
\$31.00	\$40.30
\$32.00	\$41.60
\$33.00	\$42.90
\$34.00	\$44.20
\$35.00	\$45.50
\$36.00	\$46.80
\$37.00	\$48.10
\$38.00	\$49.40
\$39.00	\$50.70
\$40.00	\$52.00

## TAX WRITE-OFFS

**Reminder!** Employees can also write-off their:

1. Tool purchases
2. PPE purchases