

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

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