

Taxation Services

Avoid Penalties

SHAM CONTRACTING – EMPLOYEE OR INDEPENDENT CONTRACTOR?

A Brisbane business breached sham contracting provisions of workplace laws by classifying the workers as “independent contractors” when they were actually “employees” resulting in underpayments to staff – total fines \$250,250.

ATO crackdown on contractor payments – some contractors are either unaware of their tax obligations, or deliberately under-reporting them. There will be a new requirement for contractors in the building and construction industries to report to the ATO on payments made to contractors, along with their ABN. This new reporting regime will allow data-matching to provide information for review and targeted audits.

To assist you and to protect your business SBS can provide the following services:

- Help you assess if you are an independent contractor working in your own business
 - Help determine if you are at risk of penalties from both fair work and the ato
 - Help determine if your income is at risk of being assessed as “personal services income” – loss of deductions and becomes income assessed in your return
 - Provide assistance in preparing contractor agreements that reflect the true nature of the arrangement
 - Help detail additional costs if your contractors are ruled to be “employees” – such as superannuation, leave entitlements, rates of pay and conditions determined under modern awards, workers compensation insurance, amongst others
- Assist you to review your arrangements with “independent contractors” and determine if they are genuine or not