

# CONTRACT

**A RESOURCE  
& GUIDE FOR  
CANADIAN  
DESIGNERS**

WHAT TO BE AWARE OF AND HOW TO NEGOTIATE A CONTRACT.



## Contracts are Foundational to Canadian Business



### Surveying the Industry

In 2025, a survey of professional designers from across Canada with varying backgrounds and experience about were asked about their experience with contract work. There were frustrations with such areas as restrictive clauses, a lack of professional recognition, and IP ownership. Overall, these designers appreciate contracting's freedom but remain wary of its challenges regarding financial security, legal clarity, and professional recognition.

Contracts are written or verbal agreements between two (or more) parties that are generally enforceable by law if the parties show intention, make an offer that is accepted, and acquire something specific as outlined in the agreement.

In Canada, agencies, studios, for-profit corporations and not-for-profit organizations enter into contracts with independent professional designers to achieve cost savings and operational flexibility, gain access to diverse and specialized expertise, and reduce long-term employment obligations.

This approach to doing business aligns with evolving market demands for scalable, remote-capable creative talent, especially in digital-first economies and startup environments. These factors explain why contract hiring is growing relative to freelance gigs and traditional full-time employment in the graphic design sector.

## What Contract Design Work Means for You?



Unlike in-house, contractors pay for their own equipment, software, and benefits.

The move toward hiring designers on contract may create more opportunities for designers seeking diverse projects. It also means you should know what to watch for in contracts, like clear payment terms, tax obligations, project scope, onboarding, terms of deliverables, and intellectual property rights to your work (IP).

This guide can help Canadian professional designers avoid surprises and navigate market changes with some confidence. By knowing what to expect from contract work, you can protect your reputation and get paid fairly, and focus on doing your best creative work.

Let's dive into the essentials that will help you succeed in Canada's graphic design profession.

## Pros and Cons of Traditional and Non-Traditional Employment

Graphic designers can work in several employment models—full-time (traditional), and freelance or contract (non-traditional)—each affecting benefits, taxes, and creative ownership.

**Full-time** jobs offer stability, health and retirement benefits, and employer-managed taxes. Under this model, however, most of the work you create belongs to the employer.

**Freelancers** may enjoy greater control over clients and projects and negotiate IP rights; however, they must also handle their own taxes, cover all expenses, and manage unpredictable cash flow.

**Contracts** offer a middle ground: designers receive defined project terms, often a broader scope of work, more independence, and some scheduling predictability. They also tend to work closely with in-house teams; however, they lose out on benefits and often face stricter IP or exclusivity clauses.

## Pay Attention to the Contract



You're suddenly  
HR, accounting,  
IT... and legal.

Working under contract can be exciting—new projects, new people, and often much flexibility. But it's not the same as being hired full-time.

When you sign a fixed-term contract, you're stepping into a situation where you'll most likely need to handle your own taxes, invoicing, and even your own benefits. On top of that, you'll want to pay close attention to how copyright and moral rights are handled, what systems you'll be onboarded to, and what's expected of you in terms of deadlines and deliverables.

The good news is that with a bit of preparation, you can avoid surprises and set yourself up for a smoother experience.

## Adjust Your Hourly Rates

When transitioning from a full-time employee to an independent contractor role, it's essential to adjust hourly rates to reflect additional expenses and responsibilities.

Contractors typically should consider charging between 30% and 40% more than the equivalent employee hourly wage to cover such areas as:

- Both employer and employee Canada Pension Plan (CPP) contributions.
- Self-funded health insurance, retirement savings, and paid time off.
- Costs of equipment, software subscriptions, and workspace (assuming the workspace is within a living space).
- Unpaid time spent on paperwork, finding new clients, and managing gaps between projects.
- Reduced annual billable hours compared to full-time employment.\*

*\* For example, if a graphic designer's full-time wage ranges from \$20 to \$40 per hour, contractors should consider charging between \$27 and \$56 per hour — depending on their overhead and expected billable hours — to maintain comparable total compensation. This adjustment ensures financial sustainability by accounting for lost benefits and operational costs that contractors must assume independently.*

## The Fine Print Matters — Details to Consider when Dealing with Fixed-Term Contracts

Contracts can be complex and always require scrutiny. The following points highlight the essentials every designer should consider before signing a fixed-term contract.

### Onboarding & System Access

- **Remote Work Protocols:** Ensure you have reliable access to company assets and comply with security practices when working remotely. Test access before the project begins, protect credentials, and request a dedicated IT contact for quick fixes.
- **Inclusion in Social Events:** Clarify contract terms about participation in company social events to set expectations and boundaries around your involvement.

### Tax & Financial Responsibilities

- **Tax Responsibilities:** Remember, independent designers are responsible for all personal tax deductions. Maintain detailed records of business expenses for tax reporting and deductions.
- **GST/HST Registration:** Take note, mandatory registration for GST/HST once annual gross income exceeds \$30,000\*, with collection and remittance per Canadian regulations.
- **No Employer Benefits:** Contracting companies often do not provide health insurance or paid leave, so plan for these independently or via professional associations.
- **Professional Accounting and Legal Advice:** Engaging a qualified accountant for taxes and seeking a legal contract review, especially IP clauses, is recommended and often tax-deductible.

### Contract & Legal Considerations

- **Formal Contract and Scope:** Contracts should specify deliverables, payments, confidentiality, and IP ownership. Templates and checklists are available from professional organizations.
- **Copyright and Moral Rights:** Most contracts transfer copyright to the employer; moral rights cannot be transferred but may be waived in the contract. Review clauses carefully for limitations on portfolio use and future rights.
- **Licensing:** Confirm your rights to use fonts, stock images, or AI-generated assets.

\* \$30,000 threshold as of 2025. Check CRA for updates.



- **Records:** Keep signed contracts and written approvals in your files.
- **Project Signoff:** Contracts should identify who is authorized to approve deliverables, ensuring clarity and preventing disputes.
- **Kill Fee:** Ensure partial payment if a project is cancelled midway.

### Work Processes & Payment

- **Rate and Invoicing Framework:** Employers set hourly rates and invoicing schedules, typically paying monthly or upon project completion. Include clear payment terms in contracts with firm timelines (for example, net 15 or net 30). Ensure upfront that you are provided with accurate billing information.
- **Billable Time:** Define billable activities beyond design work, including meetings, file transfers, revisions, and troubleshooting.

### File and Data Management

- **Source Files:** Clarify if your working files, such as InDesign or Illustrator, are deliverables or just final output files.
- **File Handling:** Follow client rules on file naming, versioning, and storage. Avoid storing sensitive files on personal devices unless allowed.

### Employment Insurance (EI) Benefits

- **EI Benefits | Full-time Employees:** Employees automatically qualify and pay into EI benefits through payroll deductions.
- **EI Benefits | Independent Contractors:** Contractors do not pay into regular EI and generally aren't eligible, but may opt into special self-employed EI programs (for example, maternity or sickness benefits).

### Industry Support & Resources

- **Industry Support and Resources:** Professional organizations, such as The Design Professionals of Canada (DesCan) and The Association of Registered Graphic Designers (RGD) offer templates, and best practices to support freelancers throughout their business processes.

## Before You Sign, Negotiate

A signed contract should protect both you and the other party. And just because you're presented with a contract doesn't mean you can't ask for changes.

**Asking for changes doesn't make you difficult;** it shows you're professional, understand your obligations, and value a balanced relationship. In fact, it's common practice for freelancers and under-contract designers to negotiate specific terms, such as:

- ***Intellectual Property & Portfolio Use:*** You can request a clause that allows you to show finished work in your portfolio while respecting client confidentiality.
- ***Non-Disclosure Agreements (NDAs):*** If an NDA is too broad, ask for wording that lets you describe the project in general terms.
- ***Portfolio Use Permission Clause:*** Request a portfolio-use clause in your contract that allows you to showcase your work, ideally specifying permission to display project descriptions, screenshots, or case studies with client details hidden or removed to protect confidentiality.
- ***Payment Terms:*** If timelines like net 60 create a cash flow strain, negotiate for net 30 or an upfront deposit.
- ***Pause Clause:*** If the client delays, shelves, or places the project on hold for more than 30 days, include a clause that states you will invoice for all work completed to date, with outstanding amounts (work after delay) due upon receipt of invoice.
- ***Scope of Work:*** Make sure deliverables are clearly defined to avoid "scope creep."

### The Bottom Line — Do Your Homework

- Read the contract carefully and thoroughly, including the fine print.
- It's always helpful to have someone you trust read over the contract as well.
- Only sign the contract if you understand and agree with everything in it.
- Pay special attention to your responsibilities and what the company will provide under the terms of the contract.
- Do your due diligence on the company before agreeing to sign.

### **About the Author**

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