

# Why CONTRACTING?

Contracting is one of the most popular forms of self-employment, allowing both employers and contractors more flexibility. If you are hesitant to start contracting, we have listed below the benefits and useful tips to help you navigate this new environment.



## BE YOUR OWN BOSS

Contracting means working for yourself instead of an employer, and having more control and flexibility over your work activities and more independence than an employee would. It also means you are responsible for meeting your own tax obligations.

## SKILLS & EXPERIENCE

Contracting is an opportunity to continually learn new skills and gain exposure to different management styles, cultures, processes, and practices.

## WHY CONTRACTING WITH US?



Momentum has teamed up with Hnry to make contracting as simple and risk-free as being permanently employed.

Hnry pays all your taxes for you every time you get paid, and when the time comes, they'll file all your tax returns for you.

## PAY RATES

Short-term contracts often attract higher rates of pay, which provides the opportunity to increase your income.



## FLEXIBILITY



Contracting means having the freedom to choose when and where you work or when you want to take holidays.

## OPPORTUNITIES

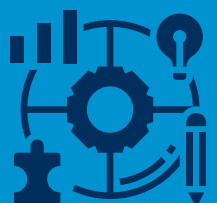
Contracting allows you to get a feel for the job before signing a permanent employment agreement. It also gives the employer a chance to assess you for upcoming roles.

## NETWORKING

Contracting is a great way to meet new people and to build your reputation. Creating a wide network and strong reputation can then help you to obtain further contract work, or open the door to more permanent opportunities.

## VARIETY

Contracting is excellent if you need constant challenges in projects and work environments.



# HOW *does it?* WORK?

In every recruitment relationship facilitated by Momentum, there are three parties involved: the consultancy (Momentum), the client (the organisation looking for staff), and the contractor (you). Not sure how contracting works? Here's some information:

# 1

The consultant's job is to find the client a staffing 'solution' – you. When we've found the most suitable candidate, we sign them up on a couple of contracts.



# 2

The first contract is a Contract for Services. This establishes the legal relationship between the consultancy and the contractor.

- It is only signed once and remains in place for the duration of the relationship.
- It lays out the framework for the relationship and the obligations of both parties, and states the fact that you are an independent contractor, not an employee.
- It also includes a restraint of trade clause between the contractor and the client they've been contracted too.



# 3

The second contract is a Supplementary Agreement and is specific to the assignment the contractor has been contracted to.

- It includes things like who you report to, what you get paid, and the contract's beginning and end dates.
- You get a new supplementary agreement for every new assignment you undertake.



# 4

You will need to complete weekly timesheets using our Online payroll system, Invoxy, which must be approved by your reporting manager by mid-day first working day of the proceeding week.

Payment will be made as per our payment schedule which is distributed on a regular basis.



# 5

Momentum on-charges Professional Indemnity and Personal Liability insurance at 45 cents per hour, which is deducted from your hourly rate.

You can opt out of this if you have your own insurance policy which is equal or greater in value to the cover provided through our insurers, Delta Insurance.



# FIXED TERM *or* HOURLY RATE?

Contracting can be very different from full-time employment. If you're hired as a contractor, you will typically fall into one of two scenarios – a fixed-term contract or hourly rate.

	PROS	CONS
HOURLY RATES	<ul style="list-style-type: none"><li>•→ You can establish yourself as a Limited Liability Company or as a Sole Trader. By doing this, you can claim back expenses you incur while performing your contractual duties, such as parking, mobile phone usage and your home office.</li><li>•→ Hourly rates are generally higher to offset costs like holiday pay and sick pay which are not usually included in this type of engagement.</li></ul>	<ul style="list-style-type: none"><li>•→ The client can terminate the contract without notice. However, anecdotal evidence suggests that, more often than not, contracts are extended or become permanent, rather than being cut short.</li><li>•→ You are responsible for meeting your own tax obligations. For useful tax information you can access IRD's website here: <a href="https://www.ird.govt.nz">https://www.ird.govt.nz</a>.</li></ul>
FIXED TERM	<ul style="list-style-type: none"><li>•→ Fixed term contracts usually have more security and cannot be terminated without notice. A process must be followed, as set out in the contract.</li><li>•→ You will also be entitled to all the same benefits as a permanent employee.</li><li>•→ The client deals with you directly and pays in a similar manner to a permanent employee – fortnightly or monthly.</li></ul>	<ul style="list-style-type: none"><li>•→ The contract has an expiry date and will end either on an agreed date, or when a specific event has occurred i.e. the completion of a project.</li><li>•→ As you are considered as a permanent employee, you cannot take advantage of tax deductions upon tax returns.</li></ul>

If you decide to contract and are not sure where to start with the payment of your taxes, let your consultant at Momentum know and check how our partner Hnry can help you: <https://hnry.co.nz/momentum>!