



Balance Recruitment Pty Ltd
Level 8, 9-13 Young Street
Sydney 2000
Tel: 02 9251 5166

www.balancerecruitment.com.au

Contracting Options

There are three structures you can work through as a contractor, you can set up and work for your own Pty Ltd company, you can work for a 3rd party company called a Contractor Management Agency or you can work under a PAYG structure.

(1) Working as a PAYG Contractor

This is the simplest of the three structures. As a PAYG contractor, you allow Balance Recruitment to handle all aspects of your pay. Balance will remit your superannuation to the fund of your choice, deduct your PAYG(income) tax and pay it to the ATO. We cover you for workers compensation insurance as well as Public Liability and Professional Indemnity Insurance. Your pay is deposited directly into your bank account on a fortnightly basis and we provide you with a fully itemised pay slip. At the end of financial year we issue a Payment Summary (group certificate) allowing you to complete your tax return.

We recommend this to people who want a simple, hassle free, straight-forward structure to work through. It's also a good option for those who are starting out contracting, and want to use this as an interim structure while they investigate other options.

(2) Setting up a Pty Ltd Company

This is the most complex route of managing yourself as a contractor. To operate under a Pty Ltd structured, you'll need to set up your own company. You will be required to handle your own superannuation, taxation and purchase your own insurance coverage. Required insurances include Workers Compensation, and \$10M of Professional Indemnity and Public Liability Insurance. You will also need to complete a BAS statement every quarter.

There are substantial set up costs – generally around \$1000 to set up a company, and up to \$3000 per annum for insurance. This structure is most frequently used by senior, career contractors. It allows maximum flexibility in terms of distribution of your pay. You'll also be able to write off a lot of business expenses such as laptops, training, etc.

We strongly recommend talking to an accountant and lawyer before deciding on this structure as there are numerous issues relating to taxation law and compliance associated with this structure.



Balance Recruitment Pty Ltd
Level 8, 9-13 Young Street
Sydney 2000
Tel: 02 9251 5166

www.balancerecruitment.com.au

(3) Working through a Management Company

Management Company's provide the taxation benefits of a company structure with the simplicity of PAYG. A management company takes care of all administration, superannuation, tax and insurance. Their key selling point is their ability to maximise your tax position via a range of salary sacrifice options on laptops, training, care leases etc.

There are of course some costs associated with work with a management company. They generally tend to charge from 3% to 5% of your gross wages. Typically they will sit down with you and do some modelling to see if they can make it financially beneficial to work with them.

We can recommend some Management Companies, though there are a large number out in the market.

What about working as a sole trader?

Balance Recruitment does not deal with sole traders. Our clients require all of our contractors to be covered by workers compensation. Unfortunately sole traders are not covered by workers compensation.