



## Healthy & Respectful Workplace



# Negotiating an Agreement for Services as an Independent Contractor

You've been offered work as an independent contractor. Congratulations! The next step is negotiating your agreement for services to clarify and secure the terms under which you will be working. When starting at a new place of employment, you want to begin on the best possible terms...for you! Only 51% of dental hygienists report having a contract or agreement for services.<sup>6</sup> As an independent contractor, your agreement will be different from those of an employee.

Before you enter into negotiations, you must ensure you classify as an independent contractor according to the Canada Revenue Agency's *Employee or Self-employed?* guide. Do the terms of your employment pass the four tests below? This will determine whether you are an independent contractor or an employee.

### 1. A Control Test

If you have ultimate control over work hours, length of appointment time, and vacation days, then you will likely be considered an independent contractor.

### 2. An Economic Reality Test

If you stand to gain or lose financially from a client's cancellation of appointments or openings in your schedule, you are an independent contractor. Your rate of pay should be based on productivity (number of clients seen) rather than the number of hours you work.

### 3. A Test of Ownership

If you supply your own equipment and instruments, then you are considered to be self-employed.

### 4. A Test of Integration

If your work is more of an add-on to the practice, you will be viewed as self-employed.

Please visit [www.cdha.ca/careers](http://www.cdha.ca/careers) for a link to the *Employee or Self-employed?* guide and for more information on the four tests.

If you've passed the four tests and are indeed an independent contractor, here are some guidelines for negotiating the best agreement:

**1. Do your homework.** Know what the commission rate is in your area. Use CDHA's Job Market and Employment Survey Report, found at [www.cdha.ca/jobssurvey](http://www.cdha.ca/jobssurvey). Know what your average billing was at your last place of employment. Review the provincial dental fee guide if moving from another province. Also keep in mind your monthly business expenses to ensure that your income will be sufficient.

**2. Be prepared to negotiate.** Be confident in your specific expectations to maximize your wage.

**3. Know your value.** Articulate with confidence how you will add value to the office. Illustrate your experience, education, and areas of specialty. Highlight your work ethic, your wonderful way of connecting with clients, your positive energy.

<sup>6</sup>See CDHA's Job Market and Employment Survey Full Report, page 6



Your agreement as an independent contractor should include:

- **Your rate of pay.** Your earnings should compensate for the fact that you are not entitled to vacation or statutory holiday pay, bonuses or employee benefits. Calculate your monthly business expenses to ensure the rate you are asking for takes into account additional expenses you incur as an independent contractor, even those for which there may be a tax deduction. You should be earning more on average than an employee.
- **A clause detailing the procedures on which your rate of commission will be based.**
- **A clause that a portion of your billings should be used to cover the cost of specific office expenses.** As an independent contractor, you will have to pay for office dental supplies that you use while working with the clients, front desk staff time for schedule management, and office equipment maintenance.
- **Details of any required training for workplace health and safety, and infection prevention and control practices specific to that office.** As an independent contractor, you should be compensated for the time you spend at office training sessions.

- **A detailed outline of what the office will supply and what you will supply.** Independent contractors supply their own uniforms, instruments, and some personal protective equipment.
- **An outline of mandatory team meetings and outings** and your rate of compensation to attend such meetings and outings.

Before signing, review all details in the agreement and items such as:

- Non-competition or solicitation clauses
- The amount of notice required when terminating the agreement (normally 2 to 4 weeks)



A sample independent contractor agreement can be found at [www.cdha.ca/careers](http://www.cdha.ca/careers).

CDHA recommends that its members obtain legal advice from a specialist in employment law before signing an agreement for services.

**Always follow-up with a thank you letter even if you are unable to negotiate everything on your wish list. Professionalism throughout the process is key!**