

HOW DOES CONTRACTING WORK?

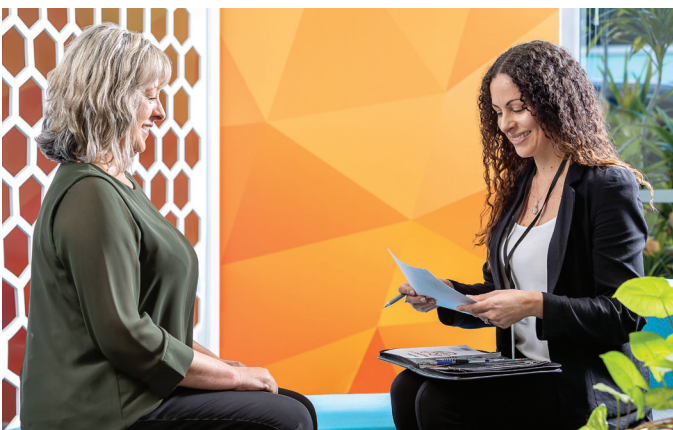
FREQUENTLY ASKED QUESTIONS

If you've never worked as a contractor before, it's likely you have some questions.

Contracting has similarities to being in a permanent role or a fixed term contract; for example, you may carry out the same tasks that a salaried person does. However, there are some key differences and as a contractor, you are in business for yourself.

Key benefits of contracting

- **Flexibility** – Contracting gives you the flexibility to work in a way that suits your personal circumstances.
- **Experience** – Contracting is a smart way to broaden your experience and diversify your skills.
- **Variety** – Contracting can provide constant stimulation for people who enjoy a diverse working life.
- **Opportunity** – Contracting is a great way to prove your worth and show how you fit into the corporate culture.
- **Networking** – Providing an excellent service to each employer will help to build your reputation as a talented and reliable expert.



Lexel recommends that if you have any specific queries regarding compliance obligations such as ACC, GST or Income Tax, you seek the advice of your accountant or the Inland Revenue Department.

You may also find the following links useful:

- [IRD's Tools for Business](#)
- [What to think about before you start contracting](#)

CONTRACTING WITH LEXEL RAAS

• How do I record my time?

Lexel uses an online time sheeting portal. Each contractor records their hours using their own secure log in.

• Who creates my invoice?

At the end of each month, you will submit your hours for the month in the time sheeting portal. This will automatically generate an invoice on your behalf. The cut-off for submission is 9.00am on the first working day of the new month.

• When do I get paid?

Payment is made on the 20th of the month following invoice, e.g. for work completed in August, payment is made on 20 September.

• What is withholding tax?

Lexel is obligated to deduct withholding tax (WT) from all payments made to you and provide this to IRD monthly. You need to complete and send us the tax notification form IR330C prior to starting your assignment.

• Do I have to charge GST?

You must register for GST if your annual turnover for the previous 12 months has exceeded \$60,000, or if you expect that it will do so in the next 12 months.

• What about insurance?

Although not all clients require contractors to have public liability and indemnity insurance, it is 'best practice' to cover yourself for every eventuality. You are welcome to source your own cover independently, however we have negotiated a discounted rate for Lexel contractors through GSI Insurance. Please ask for further information on this, if interested.

If you have any additional questions, please email Tracy.Higgott@lexel.co.nz