



IN PARTNERSHIP
A Joint Publication
Barbados Employment Compliance



Employees **vs** Contractors

A practical guide to differentiating a Contract of Employment and a Contract for Services under Barbados employment law.

There has been significant confusion in workplaces about "**contract of employment**" versus "**contract for services**." This distinction matters because it affects your legal obligations, exposure to liability, and the rights of the worker. The essential difference is the **level of control** exercised by the contracting party. This guidance follows the First Schedule of the Employment Rights Act and established Common Law.

KEY DIFFERENCES

Employee vs Independent Contractor

EMPLOYEE	VS	INDEPENDENT CONTRACTOR
• Employer controls HOW the work is done		• Controls HOW the work is performed
• Fixed hours set by employer		• Sets own schedule and working methods
• Employer provides tools & equipment		• Uses their own tools and equipment
• Cannot subcontract or send a substitute		• May subcontract or send substitutes
• Integrated into business operations		• Works for multiple clients simultaneously
• Remunerated by wage or salary		• Paid a fee (often includes profit margin)
• Subject to company rules & supervision		• Client specifies WHAT, not HOW

WHO IS AN EMPLOYEE?

Types of Employees

Permanent

Ongoing indefinite employment with full statutory

Part-Time

Regular hours below full-time threshold. Still

protections including severance entitlements.

entitled to statutory benefits.

Casual

Engaged on an as-needed basis. Protections may depend on the regularity of engagement.

Temporary / Fixed-Term

Time-limited engagement. Successive contracts are treated as a single continuous period.

Note: "Project-based" or "short-term" does not automatically mean contractor. If you control the work, it is employment.

REAL-WORLD EXAMPLES

Scenario Analysis

A Graphic Designer — 3-Month Campaign

Daily supervision required, office presence mandated, employer provides all tools and software.

▶ **EMPLOYEE — control determines status, not duration**

B IT Technician — Emergency Server Fix

Own tools, works for multiple businesses, charges per job, no daily supervision — receives a bill.

▶ **CONTRACTOR — short duration doesn't change status**

C Call Centre Agent (labelled 'contractor')

Fixed login times, follows scripts, uses employer systems, cannot substitute, daily supervisor review, wears company uniform.

⚠ **EMPLOYEE — HIGH RISK · NIS + unfair dismissal liability**

D Project-Based Data Entry Clerk

Works fixed hours, uses company network, is supervised, must meet internal performance standards.

▶ **TEMPORARY EMPLOYEE — use a fixed-term contract**

LEGAL EXPOSURE

Risks of Misclassification

Social Security (NIS) Obligations

Employer may owe BOTH employer and employee NIS contributions. Penalties and interest may apply retroactively upon inspection.

Severance & Statutory Benefits

Misclassified worker may claim Severance Pay, vacation pay, overtime, and statutory notice under the Severance Payments Act.

Unfair Dismissal Claims

Dismissing a misclassified 'contractor' may trigger unfair dismissal proceedings — employer loses the procedural protections of proper employment contracts.

BARBADOS CASE LAW

Life of Barbados v. Corbin

COURT RULING

"Labels do not determine status — the substance of the relationship does."

— *The Court, Life of Barbados v. Corbin*

1. The employer exercised significant control over the worker's day-to-day activities.
2. The worker was integrated into the employer's core business operations.
3. The worker relied on the employer as their primary source of income.

Takeaway: Courts look at the reality of the relationship — not what the contract calls it.

QUICK REFERENCE

Decision Guide

✓ TREAT AS EMPLOYEE IF...	✓ INDEPENDENT CONTRACTOR IF...
✓ You set the hours of work ✓ You supervise how the work is done ✓ They must follow company rules and standards ✓ You provide the tools and equipment ✓ They cannot subcontract or send a substitute	✓ Worker decides how the work is performed ✓ Worker uses their own tools and resources ✓ Worker may subcontract or send substitutes ✓ Worker serves multiple clients simultaneously ✓ Worker bears their own financial risk
Permanent · Fixed-Term · Temporary · Casual	Contract for Services — Independent Contractor

When in doubt, courts examine **substance over form** — the label in the contract is not determinative.



"Substance determines status. Always."

