

Classifying “Independent Contractors” & “Employees”–It’s About Jobs, Not Titles



Misclassifying employees as independent contractors—and vice versa—can get you into serious trouble with the Canada Revenue Agency (CRA) and employment standards enforcers. Among the most common pitfalls is relying on how the contract describes the work arrangement. An Alberta employer recently learned this lesson the hard way.

The *Cooper* Case

Told that her services were no longer needed, a part-time CFO sued a consultation firm for wrongful dismissal and \$100,000 in termination notice. The firm claimed the CFO was an independent contractor, but the Alberta court ruled she was an employee:

- Her contract was titled an “employment agreement”.
- She used only materials and personnel provided by the firm.
- She had no direct financial stake or risk in the business.
- The firm paid her liability insurance premiums and other business expenses.

The court concluded that the CFO was, at most, a dependent contractor and awarded her termination notice [[Cooper v GFI Solutions Ltd.](#), 2026 ABCJ 142 (CanLII), September 9, 2026].

Takeaway & Compliance Strategy

Classification as an employee or independent contractor is based not simply on job title or how the contract describes the position but on the particular arrangement. While no single factor is decisive, these are the common characteristics that the CRA and courts consider and that you should use in classifying your own workers.

Employee v Independent Contractor–Common Factors

Employee

Follows instructions on how to work.

Trained on how job should be done.

Works in campus or team environment.

Hired to work as an individual, based on skills, talent, and potential.

Independent Contractor

Works without detailed directions.

Uses own experience, expertise to do job.

Works alone.

Hired to provide service many times, regardless of who actually does work.

Has indefinite employment status.	Hired for a set period.
Works under set hours.	Sets own hours.
Works for one employer at a time.	May work for several employers at a time.
Works on-site or off-site under employer's direction.	May work on-site or off-site without employer's direction.
Works in employer-established order to allow for supervision.	Works any way desired to provide required service or product.
Reports on work efforts as part of supervision.	Reports only as agreed upon.
Compensated regularly at specified time periods.	Paid on per-job basis in a lump sum.
Has work-related expenses paid by employer.	Pays own expenses out of expected compensation.
Uses tools and supplies provided by employer.	Uses own personal tools and supplies.
Doesn't own or control work site.	May own or control work site.
Doesn't generally work on profit/loss basis.	Generally works on profit/loss basis.
Gives employer exclusive effort.	Works for many contractors at once.
Can't offer services to general public.	Markets services to anyone who wants them.
May be fired at employer's discretion subject to employment agreement.	May be fired only if work falls short of expectations.
May end employment at any time.	Responsible for completing job as agreed upon.