

“ I want to be a
**freelance
professional** ”

A **LAWWORKS** Pocket Series

1

***LawWorks** is a partnership between the National Trades Union Congress and Law Society Pro Bono Services that aims to educate workers on their legal rights, and to promote the interests of workers generally. This booklet is part of a **LawWorks** pocket-series intended to provide a guide to particular areas of employment law, provide a checklist of key considerations, and point the way to avenues for further advice and assistance.*

*Regular legal clinics and periodic legal primer talks will also be run as part of **LawWorks**. For more information on legal awareness and assistance for workers, please contact the National Trades Union Congress at: LawWorks@ntuc.org.sg or Law Society Pro Bono Services at: LawWorks@lawsocprobono.org.*

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This booklet incorporates all the relevant laws as at 21 October 2021

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CONTENTS

1. Introduction	02
2. Defining a Freelancer	03
3. The Freelancer's Contract	06
4. Resolving Disputes Between Freelancer and Service Buyer	18
5. Claims from Third Parties	23
6. Other Regulations	26
7. Checklists	28

1. INTRODUCTION

This guide is for persons who wish to take up work as independent contractors (or more commonly known as “self-employed”, “freelancers”, or “consultants”). Such individuals enter into verbal and written contracts to do work for other individuals, businesses, government bodies or organisations. Individuals often become independent contractors because of their desire for a flexible schedule and to be their own boss. These individuals are employed for certain projects and for a specific period of time. In this guide, these individuals will be referred to as “independent contractors.”

2. DEFINING A FREELANCER

■ 2.1

How is an independent contractor different from an employee?

A person performing work or providing a service for another person or business under a contract may be considered to be either an independent contractor or an employee, depending on the circumstances. The distinction is an important one and depends on the contract between you and the other party (the service buyer).

Some relevant factors in determining whether you are an independent contractor include:

- How are you described in your contract? (i.e. an “employee” or “independent contractor”)
- How are you paid? Is your salary paid after completion of each project or on a monthly basis? Do you receive overtime payments?
- Who has control over recruitment, the amount charged for your services, production process, timing and method, and provision of work?
- Who provides the tools, equipment, working place and materials?

- Do you provide the service on your own account and at your own risk of profit or loss?
- Does the other party make CPF contributions for you?
- Do you receive any statutory benefits? (e.g. annual leave, sick leave, medical benefits)
- Can you seek out other business opportunities while working for your employer?

Example:

T is a painter. He has various customers that he works for. He provides potential new customers with quotes and has control over who he works for. He negotiates his working hours with his customers.

When T does a job, he brings his own tools, equipment and materials to the site. At the end of each job, he submits an invoice for the work he has done. He works at his own risk (has a personal stake in whether he makes a profit or a loss).

T is an independent contractor.

■ 2.2

Why the distinction is important: Your rights as an independent contractor

As independent contractors are considered to be self-employed, they are not legally entitled to statutory protections and benefits accorded to employees, such as Central Provident Fund contributions, annual leave, medical leave, and rights under labour legislation such as the Employment Act and the Work Injury Compensation Act.

The legal rights and obligations of independent contractors are largely dependent on the terms and conditions of the contract they enter into with their service buyers. Such contracts are called “contracts for services” (as distinguished from employment contracts or “contracts of service”). This guide will focus on the essential elements of contract for services.

3. THE FREELANCER'S CONTRACT

■ 3.1

What is a contract?

A contract is any agreement, written or oral, made between two parties to do work and/or render services in exchange for some benefit, usually a payment.

To avoid ambiguity, a contract should be in writing. A written contract provides more certainty for both parties than verbal contracts or relying on someone's word.

Note: It will also be useful to keep any paperwork associated with the contract e.g. email correspondence, draft plans, etc. These can be used in subsequent discussions to resolve any problems; should any dispute become serious, they may also be used as evidence in court. Dispute resolution is discussed in section 4.

■ 3.2

What should be included in a contract?

The Tripartite Partners (i.e. the National Trades Union Congress, the Ministry of Manpower and the Singapore National Employers Federation) have developed the Tripartite Standard on Contracting with Self-Employed Persons which sets out a set of fair and progressive employment practices for service contracts that all service buyers should implement.

The Tripartite Standard on Contracting with Self-Employed Persons

Service buyers who adopt this Tripartite Standard state the obligations and duties clearly in written agreements to foster a stronger working relationship between both parties.

Under the Tripartite Standard, parties are encouraged to have written key terms set out clearly, and include the following terms:

- The names of contracting parties
- Parties' obligations, such as nature of services to be provided (e.g. outcome, duration, location)
- Payment terms
 - (a) amount of payment due for each product or service (or part thereof);

- (b) due date of payment(s) (e.g. a fixed number of days after the self-employed person issues an invoice for delivered services or milestones, or periodic payments for services rendered during that period)
- If terms on variation of the agreement are provided for, how either party can vary the key terms or terminate the agreement (e.g. by mutual agreement)
- If terms for resolving disputes are provided for, the option for mediation should be made available, without it being a barrier to either party bringing any dispute directly to the Small Claims Tribunal (considered in section 4)

The Tripartite Standard on Procurement of Services from Media Freelancers

In the media industry, it is common practice for companies to procure the services of media freelancers to meet the needs of their specific projects.

In view of the above, the Tripartite Partners have developed the Tripartite Standard on the Procurement of Services from Media Freelancers to encourage fair and progressive practices by companies and to provide better support for media freelancers.

Parties will need to adopt the following practices under this Tripartite Standard:

- A written contract, with the following terms:
 - (a) Names of contracting parties;
 - (b) Nature of services to be provided by the media freelancers
 - (c) Payment
 - (i) what is included in the fee
 - (ii) payment milestones with clearly specified payment periods
 - (iii) amount of interest charged for late payment calculated from the agreed payment milestone upon the company's receipt of the invoice from the media freelancer(s).
 - (d) How both parties can vary or terminate the contract terms;
 - (e) What information is to be kept confidential;
 - (f) Disputes will be settled via negotiation and mediation first;
 - (g) Where relevant, clear terms on ownership of intellectual property.

■ Timely payment

Media freelancers are paid in accordance with the agreed payment period upon payment milestones being met as stipulated in the written contract.

If no payment milestone dates are provided in the contract, the media freelancers are paid no later than 45 days upon the company's receipt of the invoice from the media freelancers, upon completion of agreed deliverables.

■ Dispute Resolution Mechanisms

If there are any disputes relating to the provision of service by media freelancers, reasonable efforts should be made to resolve the dispute via negotiation and mediation first. Any agreement reached during negotiation and mediation should be recorded in a written settlement agreement and acknowledged by the parties involved.

■ Insurance coverage

Where media freelancers are required to offer their services on set and/or at locations stipulated by the company, they are covered in the company's insurance.

Apart from the common terms (above), the following terms may also be important in the contract for services.

(a) Intellectual property

Prior to the Copyright Bill (slated to take effect from November 2021), the default position was that as a freelancer, you owned any intellectual property in the works, articles or inventions you produce, such as copyright.

However, the default position did not apply in certain types commissioned works (e.g. photographs, portraits, engravings etc) For commissioned pieces, the commissioner (i.e. the service buyer who had entered into a contract with the freelancer for the production of a work) owned the copyright in such works by default.

Under the new Copyright Bill, creators of photographs, portraits, engravings, sound recordings and films will by default own the copyright in such work, even if it was a commissioned piece. Do note however that this default position may be varied or reversed by way of a contract between the freelancer and service buyer.

Additionally, once the new Copyright Bill is in force, anyone who uses literary, dramatic, musical or artistic works or performances by creators and performers in the public, will have to recognize and identify the creator. The right of attribution allows the creators to be better recognized, which in turn helps them further commercialise other works.

It is advisable to seek legal advice if you have any queries relating to your intellectual property rights under the law and/or clauses which purport to assign intellectual property rights to the service buyer.

(b) Confidential information

If you want to retain control over your confidential information (e.g. client lists, pricing information or other trade secrets), the contract should include a clause allowing you to protect that information.

It is also advisable to specify the type of information that is confidential so that both parties understand exactly what needs to be protected (for example, 'information regarding the contractor's profit margins').

(c) Exclusivity arrangement / Restraint of Trade

An 'exclusivity' clause restricts you from entering into contracts with other clients, and should be considered carefully (e.g. the fees in exchange for such restrictions).

A 'restraint of trade' or 'no poaching' clause may be included if the service buyer is concerned that you might take their clients or compete with their business during the contract period or for a period of time after the contract ends. Usually a period is specified during which you cannot trade with the

service buyer's clients.

A court may not enforce an exclusivity clause or restraint of trade clause that is too restrictive or unreasonable. To determine this, the court will consider factors such as whether the clause protects only the genuine interest of the service buyer, the period of exclusion and the geographic area to which the clause applies. It is advisable to have a clear contract to avoid protracted and costly court proceedings.

Note: Standard form contracts

A 'standard form' contract is a pre-prepared contract where most of the terms are set in advance and little or no negotiation between the parties occurs. Often, these are printed with only a few blank spaces for filling in information such as names, dates and signatures.

Standard form contracts often include a lot of legal 'fine print' and terms that you may not understand. They tend to be one-sided documents that mostly benefit the person who prepared the contract (for example, the main obligations provided for are imposed on the freelancer).

You should read the fine print carefully and get legal advice about any terms you do not understand before you sign the contract. Once the contract is signed, you are bound by all of its terms even if you

did not actually read it.

■ 3.3

Varying, Amending or Suspending the Contract

Variations and amendments to the contract should be clearly set out in writing. The other party's confirmation in writing and counter-signing should be obtained wherever possible.

Variations to the main contract can be done in various ways, including by way of:

- a separate document detailing the agreed terms of variation,
- a handwritten variation to the relevant section of the contract in the document itself, with changes signed or initialled by both parties, or
- a confirmation email or letter and a response from the other party, recording your mutual agreement to the variation.

Similarly, if parties agree to suspend the contract (e.g. postpone the completion of the contract pending an event), this should be set out in writing and confirmed by both parties.

■ 3.4

Termination of contract

A contract can be terminated in several ways, including:

- By agreement between the parties,
- By giving notice of the termination (if parties provided for this in the contract e.g. one month's notice of early termination),
- By breach of terms by either party (where one party has breached an essential term of the contract and the other party decides to end the contract because of that breach. 'Essential terms' refers to the main subject matter of the contract), or
- By frustration (i.e. where the contract cannot continue for some reason beyond the control of either party and where neither party is at fault. For example, a contract may be 'frustrated' if a party dies or a new law has made the performance of the contract illegal).

Tip: Given that COVID-19 and the associated government restrictions are expected to be the norm for the foreseeable future, parties may wish to expressly exclude them as frustrating events, allowing for termination of the contract.

Parties should be prepared to work out their contractual obligations around possible changes in the COVID-19 regulations.

When can a contract be terminated for breach of contract?

A breach of a contract will not bring a contract automatically to an end (unless the contract expressly states that this should happen). Normally, a breach just gives a right to ‘damages’ (that is, the right to sue for any loss caused by the breach of contract) and the obligations under the contract continue to be binding.

When the breach of contract is a serious breach or a breach of an essential term, the other party will have a right to choose to terminate the contract or keep the contract going. However, your contract may require the service buyer to provide you with a ‘notice to remedy a breach’ before it can be terminated.

It is not always easy to know whether a particular breach by the other party is serious enough to allow you to end the contract. If you try to terminate a contract for a breach where you have no right to, the termination will have no effect, and you will still be required to comply with the rest of the contract.

One way to reduce the risk is to include in your contract a provision which expressly states that if a particular term is breached by the other party and/or particular situation occurs, you have the right to terminate the contract. Always seek advice before you try to end a contract in this way. Having a good dispute resolution clause in the contract will help manage these issues.

What else can happen if you breach your contract?

If you breach a contract and the matter goes to court, you may be ordered:

- to pay damages to the other party, or
- to perform your obligations under the contract (also known as ‘specific performance’).

Some contracts may specify what payments will be payable if there is a breach by one party of a particular term of the contract — this is often called ‘liquidated damages’. As long as this agreed sum is a genuine pre-estimate of the damage likely to be caused by the relevant breach, a court may enforce it. However, a court is unlikely to enforce it if it is penal in nature, i.e. if the agreed sum is significantly greater than the cost of the damage and is considered unfair or unreasonable.

4. RESOLVING DISPUTES BETWEEN FREELANCER AND SERVICE BUYER

Common situations include breaches of contract such as non-payment of fees or disputes arising from the work done.

■ 4.1

Alternative Dispute Resolution

There are several ways you can try to resolve a dispute before going to the Courts. The following methods are also known as alternative dispute resolution (ADR):

■ Negotiation

In many cases, it is best to try to resolve a dispute by negotiation rather than involving outside parties, or resorting to the Courts. Any agreements to resolve the matter should be stated in the contract.

■ Mediation

Parties can agree to go for mediation. A mediator acts as a neutral third party to assist parties to resolve the matter. The mediator does not issue any decision, and parties are free to decide whether to agree on a resolution

of the matter.

■ Arbitration

Parties can agree, whether as part of the contract or after the dispute has arisen, to refer the matter to one or more adjudicators (also known as the arbitrator(s)) by whose decision they agree to be bound. By agreeing to arbitration, parties limit their rights of recourse to the Courts, as well as limit rights of review and appeals of the arbitrator(s)' decision.

Tip: It is advisable to set out in the contract what person or organisation will act as a mediator or appoint an arbitrator (e.g. Singapore Mediation Centre, Singapore International Arbitration Centre, etc) if there is a dispute. The organisations have clear procedural rules to guide parties in the event of dispute. This also avoids conflict over who will mediate a dispute or appoint an arbitrator for the dispute.

■ 4.2

Taking the matter to court

The court process can be time consuming and costly and in most situations should be the last resort. But if you feel that the other party is not doing what they are supposed to under the contract and they are not prepared to negotiate or participate in ADR, you could go to court to seek damages or specific performance for breach of contract.

A brief overview of the Singapore Courts:

■ **Small Claims Tribunals (SCT):**

You may seek recourse at the SCT for contracts for services that involve amounts not exceeding S\$20,000, or if both parties agree, not exceeding S\$30,000. Disputes cannot be brought to the SCT more than two years after it has happened.

More information on the Small Claims Tribunals can be found at:

https://www.statecourts.gov.sg/cws/ECT/Documents/Brochures/AGuideToSCTBrochure_06042020.pdf

■ **The State Courts**

This comprises the **Magistrate's Court** and **District Court** in which law suits below S\$60,000 and S\$250,000 are respectively filed.

■ The High Court

Law suits for claims above S\$250,000 can be filed in the High Court.

■ 4.3

For more assistance / information

- If you are a union member, you may:
 - approach NTUC at NTUC Centre, 1 Marina Boulevard, #B1-01 One Marina Boulevard, Singapore 018989;
 - e-mail: membership@ntuc.org.sg;
 - join the relevant associations in your industry, for instance, Visual, Audio, Creative Content Professionals Association (Singapore) (VICPA), National Instructors and Coaches Association (NICA), National Delivery Champions Association (NDCA), National Private Hire Vehicles Association (NPHVA), or the National Taxi Association (NTA); or
 - Visit the NTUC portal at: www.ntuc.org.sg
- You may also:
 - approach Law Society Pro Bono Services at 1 Havelock Square #B1-18 State Courts, Singapore 059724.
 - call the general line at 6536 0650
 - email to enquiry@lawsocprobono.org

For more information on legal clinics and assistance for the community, please visit: lawsocprobono.org/Pages/Community-Legal-Clinic.aspx

Do note, however, that the volunteer lawyers at these clinics only provide basic legal guidance during a 20-minute session and cannot subsequently act on your behalf in court proceedings.

■ 4.4

Enforcement proceedings

- Do note that even after you have obtained a decision in your favour for payment of money, you may have to take up enforcement proceedings against that party in order to be paid. Examples include garnishee proceedings (to obtain monies in the party's bank account) or Writ of Seizure & Sale, which are separate proceedings with separate fees payable.

It is possible that you may not be able to recover any money. It may be prudent to check whether the other party is financially able to pay the amount claimed or what assets that party may have before you file a lawsuit against him. This will also help you decide whether to accept any instalment payment proposals or in considering the costs and risks of commencing legal proceedings.

5. CLAIMS FROM THIRD PARTIES

This section sets out the legal issues which you may encounter when you receive a claim from someone other than your service buyer in connection with your work as a freelancer.

■ 5.1

Privity, Rights of Third Parties

In general, a third party (someone who is neither the service buyer nor the freelancer) cannot claim against the service buyer or the freelancer as he is not a party to the contract for services made between the service buyer and the freelancer only. However, under the Contract (Rights of Third Parties) Act, if the contract for services expressly confers a benefit on a third party, and provides that the third party may enforce a term of the contract in his own right, a third party may claim benefits under the contract between the service buyer and the freelancer. If you do not wish for a third party to be able to claim against you or the service buyer for any benefit that the contract contemplates, it would be prudent to exclude the application of the Contract (Rights of Third Parties) Act in the contract for services. If

the application of the Contract (Rights of Third Parties) Act is excluded, you may also consider stating in the contract that the consent of any third party is not required to rescind or vary the contract for services at any time.

■ 5.2

Service Buyer's or Freelancer's Liability

In the employment context, an employer will usually be vicariously (indirectly) liable for wrongs committed by the employee where there is sufficient connection with the employer.

Generally, this principle does not apply between an independent contractor and the service buyer. However, in specific circumstances, the service buyer may be liable for the acts of an independent contractor depending on (i) the nature of the relationship and (ii) the connection between the wrongdoer's role and the wrong is sufficiently close. For example:

- where the independent contractor is an agent of the service buyer
- where the relationship between the independent contractor and the service buyer amounts to an employment relationship

- where the relationship between the independent contractor and service buyer is that of a partnership

As it may be difficult to determine when vicarious liability will arise, it is better to apportion the risk of liability to third parties clearly in the contract between the service buyer and the independent contractor.

In general, where a service buyer agrees to provide goods or services to third party, the service buyer is generally not liable for negligence of the independent contractor whom the service buyer has engaged to provide goods or services to the third party. However, where there is a “non-delegable duty” owed by the service buyer to the third party, the service buyer may be liable for any breach of that duty even if the independent contractor had been negligent.

6. OTHER REGULATIONS

Do note that there may be specific rules prescribed by law and codes of conduct that apply to certain industries or professions. We set out here, a non-exhaustive list of regulations, and would recommend that you seek specific legal advice on the specific industry or profession relevant to your freelancing work.

■ Estate Agents Act

- licensing and registration requirements
- duties and liability

■ Legal Profession Act

- professional conduct and discipline
- practising certificate
- account rules
- Legal Profession (Professional Conduct) Rules

■ Dental Registration Act

- practising certificate
- disciplinary proceedings

■ Singapore Dental Council

- ethical code and guidelines

■ Medical Registration Act

- practising certificate
- confidentiality
- performance and fitness requirements

■ Singapore Medical Council

- ethical code and ethical guidelines

- **Building Control Act**
- **Optometrists and Opticians (Practice, Conduct, Ethics and Publicity) Regulations**
- **Professional Engineers (Code of Professional Conduct and Ethics) Rules**
- **Human Organ Transplant Act**
- **Land Surveyors (Code of Professional Conduct and Ethics) Rules**
- **Accountants (Public Accountants) Rules**
- **Fire Safety (Registered Inspectors) (Code of Professional Conduct and Ethics)**
- **Regulations**
Fire Safety (Fire Safety Engineers) (Code of Professional Conduct and Ethics)
Regulations
- **Nurses and Midwives Regulations**
- **Architects (Professional Conduct and Ethics) Rules**
- **Traditional Chinese Medicine Practitioners (Practice, Conduct and Ethics) Regulations**
- **Allied Health Professions Act**
 - audiologist
 - clinical psychologist
 - dietician
 - occupational therapist
 - physiotherapist
 - podiatrist
 - orthodontist
 - radiation therapist
 - radiographer
 - speech therapist

7. CHECKLISTS

Are you an independent contractor / freelancer?	Present (✓)
Are you remunerated through lump-sum payments (e.g. upon completion of a project or certain milestones) as opposed to on a regular (e.g. monthly) basis?	
Do you ... • have control over recruitment, the amount charged for your services, production process, timing and method, and provision of work? • provide the tools, equipment, working place and materials? • provide the service on your own account and at your own risk of profit or loss? • own any intellectual property in the works, articles or inventions you produce, such as copyright? If the service buyer wants to own the intellectual property you create, this must be specifically provided for in the contract.	

Can you seek out other business opportunities while working for your employer?	
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If you have ticked all of the above, you are probably an independent contractor/freelancer.

Checking Your Freelance Contract	Addressed (✓)
Your contract should contain these essential elements:	
• clear identification of the contracting parties, including contact details and company registration/NRIC/passport number • services and scope of work to be provided • when and where service is to be provided and completed • acceptance criteria for services • payment method and amount • method of charging (hourly or fixed rate) • time of payment / payment schedule • variation of terms • termination or postponement of contract • how to settle disputes and,	

Checking Your Freelance Contract	Addressed (✓)
where relevant, the governing law • additional terms such as deposit, insurance, assignment/sub-contracting, indemnity and limitation of liability	
Does the contract ... • Protect your intellectual property rights? • Give you control over confidential information? • Include a 'restraint of trade' or 'no poaching' clause? If so, does it go too far? • Apportion the risk of liability to third parties between you and the service buyer?	
Are there industry specific rules and regulations that may be applicable?	

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