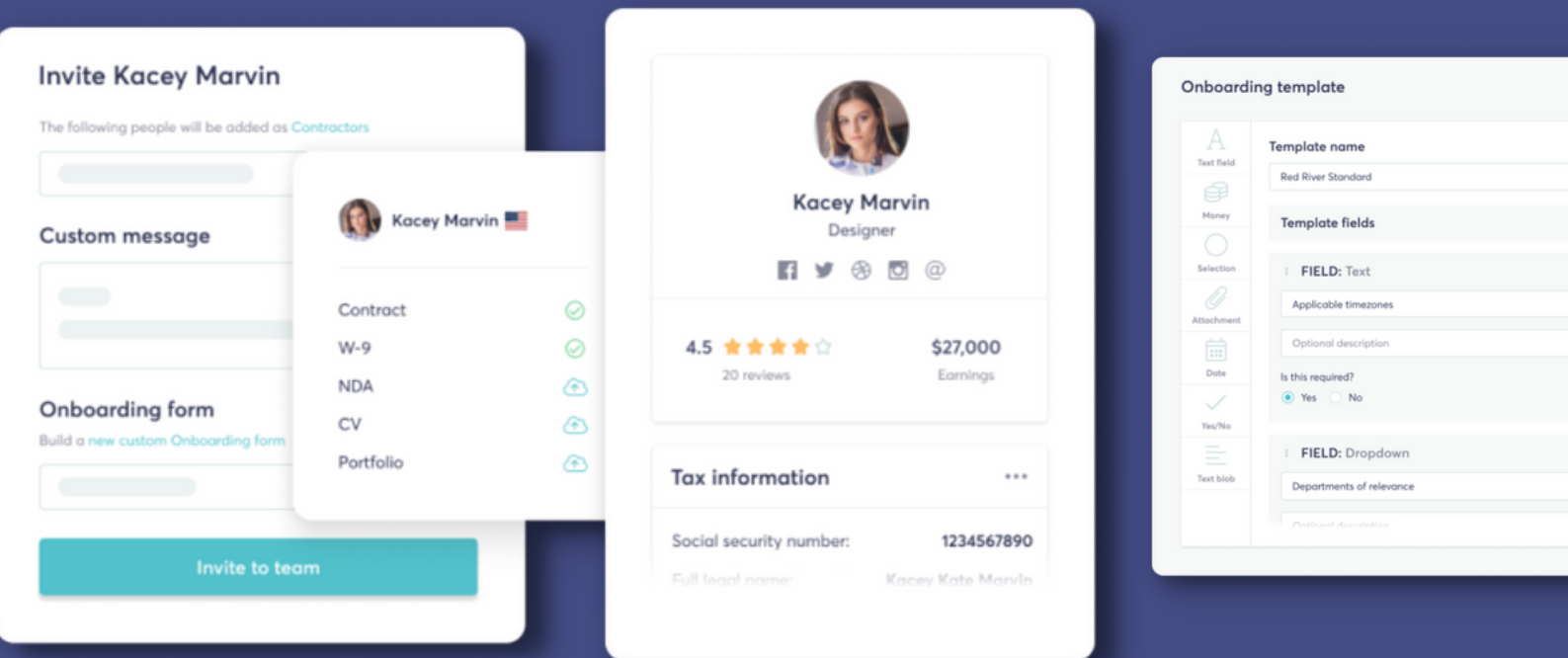


COMPLETE GUIDE TO



ONBOARDING FREELANCERS

You've searched for the most talented professionals across the globe. You've found some fantastic freelancers whose skills align with your needs. Their rates and availability are the perfect fit for your project, so you send them the work you have for them.

If your freelancer engagements start this way, you're missing a major step – onboarding.

Onboarding freelancers may not be as effort-intensive a process as onboarding employees, but skipping it altogether may lead to repercussions later on in the engagement. For instance, their deliverables could fall short of your expectations due to miscommunication. There could be issues at the payment stage because of incorrect documentation. The repercussions could even show up a year down the line, with tax-related fallouts because of non-compliance.

In this guide, we'll delve into what a good onboarding process for freelancers looks like, what are the things you should keep in mind – and how you can make it as hassle-free as possible.

ONBOARDING FREELANCERS: THE DOS AND DON'TS

Let's start with a few basic things to keep in mind. These are a good rule of thumb, no matter how many freelancers you are bringing on board and where in the world they are based.

Dos:

- ✓ **Have a formal process:** A streamlined process would tell you exactly what details a freelancer needs to submit, what paperwork they need to sign and what systems they need to be added on.
- ✓ **Have the right paperwork and contract templates:** This makes it easy to onboard new freelancers without having to reinvent the wheel each time. All you need to do is update the specifics about the work, rates, timelines and so on.
- ✓ **Involve the legal & HR teams:** There are lots of nuances to hiring freelancers in different countries and geographies, so onboarding them should be an interdepartmental effort.

Don'ts

- ✗ **Hire freelancers based on verbal agreements:** Verbal discussions can be forgotten, misunderstood or misinterpreted. This makes the engagement very chaotic, with no framework and no written documentation to refer to.
- ✗ **Use generic contracts & documents:** Downloading and using just any contract template online can lead to compliance issues. Ensure you have the right template for each kind of engagement – or work with an Agent Of Record (AOR) to handle this for you.
- ✗ **Leave the process up to the manager alone:** Individual managers are not expected to be up to date with the legalities of working with someone in a different country or with the specifics of what kinds of tasks a freelancer can be asked to perform.

Above all, even as you put these dos and don'ts into practice, ensure that your onboarding process is not too clunky and long-winded. It should not be so complicated that it negates the speed and agility of working with freelancers in the first place. With that, let's dive into the process in detail.

1) Getting the classification right

The very first thing you need to do is to understand the difference between a freelancer and an employee. This will dictate some of the terms of the agreement, and will determine what you can and cannot ask them to do. This can get a bit complicated – which is exactly why you need to work with your Legal & HR departments to get this right.

Freelancers vs. Employees: The key differences		
	Freelancers	Employees
The degree of control you have	<p>You cannot dictate when, where or how they work. You can't ask them to work only from your offices or require them to log in at a particular time every day.</p> <p>You also cannot switch requirements and ask them to work on tasks that are not covered in their contract.</p>	<p>You have a higher degree of control, and can determine their work schedule and location. Even if you work on a flexible model, you still get to decide the degree of flexibility they enjoy.</p> <p>You can ask them to switch tasks and work on a variety of deliverables, as per your changing requirements.</p>
Exclusivity	<p>You cannot demand exclusivity from freelancers.</p> <p>Freelancers typically work with more than one company or client at a time – and you can't restrict or forbid this in any way.</p>	<p>You can require your employees to work exclusively for you during their official work hours.</p> <p>You might also be able to set a non-compete clause in their contract, which restricts them from joining a competitor firm for a certain period after they leave your company.</p>
Benefits	<p>Freelancers are not entitled to benefits like bonuses, vacation time, health insurance, pension, sick leaves etc.</p> <p>They are also not given company perks like the use of your office gym, cafeteria, child care services etc.</p>	<p>You are required to offer employees sick days, paid time off, health insurance, pension and other benefits based on the labor laws in your country.</p> <p>You can also offer them additional perks like gym membership, child care services, use of a company vehicle, wellness offerings and more.</p>
Your degree of investment & resources provided	<p>You do not need to provide any equipment, training or other resources to freelancers. They are expected to arrange for these themselves.</p>	<p>You are required to provide equipment, training and learning resources. Employees are not expected to bear the financial obligations of these things.</p>

Taxes withheld	You are not expected to withhold any taxes for freelancers. You may need to submit relevant forms and information to the tax authorities.	You are responsible for deducting tax at source for your employees.
Duration of relationship	<p>This lasts for the duration of your contract with freelancers. You are not required to work with them beyond this – nor are they obligated to accept any new work.</p> <p>However, you may mutually wish to work together on future projects, but a new contract will need to be drawn up.</p>	This is a recurring relationship. It ends only when the employee resigns or when you terminate their services (in keeping with the labor laws of your country).

Understanding these differences will help you ensure that you are engaging a freelancer – and not inadvertently hiring an overseas employee! Misclassification is a serious issue so the fallouts of such mistakes can be grave. Here are some of the risks involved:

- ✓ Hefty fines by the IRS of upto \$500,000 if the misclassification is thought to be deliberate.
- ✓ If employees are wrongly classified as freelancers (or freelancers are asked to do the job of employees), you might need to pay up to 41.5% of their wages as back taxes, dating back to 3 years.
- ✓ Damage to your organization’s reputation.
- ✓ Potential criminal conviction, with a \$1000 penalty for each misclassified worker.
- ✓ Possible jail time for tax evasion.
- ✓ Exposure to additional scrutiny for your freelancers.

2) Gathering legal documents

Once you have ascertained that you are indeed hiring a freelancer, you will be able to move on to the next step of the onboarding process – documentation. As discussed above, getting everything in writing is crucial in helping you avoid miscommunication. It also maintains the right records for any subsequent reporting and audits.

The actual paperwork you need to gather might differ based on which country you operate in and whether or not you are engaging freelancers in other countries, so work with your legal team or Agent Of Record to take the guesswork out of this process. Here’s a quick checklist of the general documents you need to keep in mind.

a) The paperwork solidifying the engagement

- ✓ Statement of work. This outlines exactly what the freelancer needs to deliver, complete with quantity, quality guidelines, and the deadlines they will need to adhere to.
- ✓ Letter of agreement. This is an informal document that outlines the broad terms of the agreement – namely, the scope of work, the timelines, the amount to be paid, the payment milestones and so on. Since this is not legally binding, many companies prefer to skip this altogether and opt for a contract instead.
- ✓ Freelancer contract. This is a detailed legal document that outlines everything including the work to be delivered, the terms of agreement, the conditions of delivery as well as intellectual property rights, liabilities, termination clauses and more.
- ✓ NDAs. Since you might be sharing sensitive information with your freelancers, it might be a good idea to sign confidentiality and non-disclosure agreements to protect yourself.

b) Compliance documents

This includes the different personal details, tax information and other declarations you will need to gather from your freelancers. In the US for example, you need to record your freelancers' Taxpayer Identification Number (TIN) through Form W-9 – but if the freelancer is based in a different country, you will need to get them to fill the Form W-8BEN instead.

Similarly, the compliance protocols will differ from country to country, so this is where the services of a lawyer or an [Agent of Record \(AOR\)](#) is absolutely recommended. An AOR will help your company avoid employee misclassification and hire across borders.

c) Process-oriented documents

- ✓ This includes the other information that you will need from your freelancers to carry the engagement forward. For example, you may want to collect:
- ✓ Their basic details for your internal HR records.
- ✓ Proof of their skills and certifications to ensure that they have the necessary qualifications for the job.
- ✓ Work samples and portfolios to add to your freelancer database.
- ✓ Their payment information so that you can add them to your payment portal.

These documents will largely depend on what your organizational processes are, so customize this step as per your requirements.

3) Completing the logistical onboarding

Now that all the legal and operational formalities are completed, consider what your freelancers will need to get the work done. Equipping them with these necessities will make up the next stage of your onboarding process.

This again, will be based on a variety of factors – the job you’ve hired them to do, who they will work with, the systems they will need to use, and so on. Here are a few details to begin with:

a) Context sitting

Being external workers, your freelancers will not know in-depth details about your organization, your project, how you prefer to work etc. to begin with. This is the stage where you’ll need to set the context by giving them all the background information you think will be helpful. If you have brand guidelines, culture handbooks, project history, competition analyses and other handy documents, ensure your freelancers have access to them so that they can familiarize themselves with the project.

b) Team introductions

Don’t forget the human aspect of working with freelancers! Though not permanent members of your team, your freelancers are an integral part of your project. Make them feel welcome and included by introducing them to the team and connecting them with the key people they’ll be working with. If you have several internal stakeholders who will be guiding the course of the project, and several freelancers who will be working on it, it might be worthwhile to appoint a single point of contact to manage the workflow. They will help communicate crucial information, streamline contradictory instructions, and eliminate unnecessary iterations or duplication of effort.

c) Technical onboarding

This is where you add your freelancers to whichever systems and communication channels you use. Invite them to the relevant Slack groups, WhatsApp groups, and discussion boards, and give them access to any closed documents, tools or data sheets that they will need to use during the project. If some of these documents and project boards contain sensitive information, remember to establish pre-agreed access protocols internally, and add your freelancers on a more need-to-know basis.

HOW TALENTDESK CAN HELP YOU

Haven't onboarded too many freelancers before and are feeling apprehensive about the process? That's where our expertise comes in. With our extensive experience in this space, we can help you navigate this stage of the engagement seamlessly. Here are a few ways we can help:

- ✓ **We streamline and automate your onboarding process:** We work with you to create a customized onboarding form, incorporating all your organizational requirements and protocols. This means you don't have to remember to implement all the individual parts of the onboarding process, every time you hire a new freelancer. Just add them onto our platform, and our software will monitor whether they have completed each step of the process.
- ✓ **We help you classify your workers:** Some of the differences between freelancers and employees are not quite as stark, so it might be confusing in case you are not too familiar with the process. We understand your requirements and the granular details about the engagement, and ensure that you correctly classify your freelancers.
- ✓ **We act as your Agent of Record:** We act as a legal authority on your behalf and ensure that you remain compliant as you sign contracts and onboard freelancers from around the world. We collect all the important documents and details you will need from each freelancer, keep track of what's missing and even ensure ongoing compliance throughout your engagement with them. We also give you access to any other AOR expertise you may require.
- ✓ **We manage the information gathered:** We store all your freelancers' data and documents securely in one place. Not only does this make it incredibly easy to spot what's missing, it also means you can find any information with just a few clicks. This makes reporting and audits hassle-free – no more searching across different managers' mailboxes for that one errant document!

Where to find us?

-  **Website:** <https://www.talentdesk.io/>
-  **Instagram:** @talentdesk.io
-  **LinkedIn:** <https://www.linkedin.com/company/talentdesk-io/>
-  **Twitter:** @talentdeskio