



LABOR STANDARDS FOR BUSINESS

**BUSINESS LICENSING AND
INDEPENDENT CONTRACTOR RIGHTS**

WORKSHOP REFERENCE GUIDE

- WA & SEATTLE BUSINESS LICENSING CHECKLIST
- INDEPENDENT CONTRACTOR PROTECTIONS GUIDELINES
- INDEPENDENT CONTRACTOR CONTRACT TEMPLATE

INDEPENDENT CONTRACTOR INFORMATION PROVIDED BY



Seattle Office of
Labor Standards

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BUILD Black Wealth – Labor Standards for Business Workshop

Starting Your Business in Washington and the City of Seattle

Step by Step Checklist

Starting a business in Washington takes 7 steps:

1. Choose a name for your business
2. Choose the correct type of business entity
3. Register your business with the [Washington Secretary of State](#)
4. Get your Federal Tax ID Number
5. Open a bank account and get a debit/credit card
6. Get a state business license
7. Register with the [Washington Department of Revenue](#)

Here is how to complete each step. We will also give you some tips to make starting your business in Washington easier.

Step 1: Choose a Name for Your Business (If already done...skip to Step 2)

Choosing a name for your Washington business is not something you want to breeze through. Rushing the process of selecting your business name can be a big mistake. It would be best to choose a name people will remember and associate with your business.

To make sure your business is worth remembering, you should choose a name that:

- rhymes or contains alliteration (ex: Piggly Wiggly, Dunkin’ Donuts)
- speaks about the benefits of your business
- you can say with pride
- is easy to pronounce and spell
- has a positive connotation for your potential customers
- is available as a “.com” domain name

By the way, the first bullet point above refers to the [phonological loop](#). So your brain can better remember words that rhyme and sound similar. For additional steps and some good business naming “hacks,” check out [how to choose a good business name](#).

After you’ve selected your business name, you should search it on the Washington Database to see if it’s available: <https://ccfs.sos.wa.gov/#/AdvancedSearch>.

Bonus Tip on Searching for a Good Domain Name: Check out TRUIC’s [Business Name Generator](#) for great domain name ideas. Just type keywords relevant to your business; the tool will create a list of suitable domain names.

Check out our [Business Domain Name Guide](#) for tips on picking a domain name and a step-by-step guide to buying the domain name through GoDaddy.



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Step 2: Choose the Right Type of Business Entity (If already done...skip to Step 3)

Next, you'll need to decide the best type of legal structure for your Washington business. The most common are a Sole Proprietorship, Partnership, Corporation, or Limited Liability Company (LLC).

A **Sole Proprietorship in Washington** happens when you operate your business as yourself. No separate legal entity is created; the law treats you and your business as one person. Therefore, you are responsible and personally liable for any business activity or wrongdoing.

A **Washington Partnership** is the same as a Sole Proprietorship with two or more people. Like a Sole Proprietorship, a Partnership does not create a separate legal entity, and the partners are responsible and personally liable for any business activity or wrongdoing.

A **Washington Corporation** (aka "Profit-Corporation") is a complex legal structure usually created to run large businesses. Think of technology and startup companies raising venture capital money or selling shares on the stock market. Unlike a Sole Proprietorship or Partnership, a Corporation is a separate legal entity. It provides liability protection for its owners (called shareholders).

An **LLC in Washington** is a hybrid entity that combines the benefits of a Corporation and a Sole Proprietorship (and a Partnership). A Washington LLC is a separate legal entity under the law. And like a Corporation, it provides personal liability protection for the owners. If the LLC is sued, the owner's assets – like their home, cars, and bank accounts – are protected. And like a Sole Proprietorship, an LLC also has the benefit of pass-through taxation.

An LLC is the most popular option and a good choice for people who want to run a business for two reasons:

- Personal liability protection (personal assets are kept safe)
- No double taxation

Unlike a Sole Proprietorship (and a Partnership), your Washington LLC's assets are separate and distinct from your personal assets. Therefore, if your LLC gets sued, your personal assets are protected. And unlike a Corporation, your LLC is not subject to double taxation. Instead, your LLC's profits will "flow-through" to your personal tax return.

- For more details, we have a video on Corporations.
- If you want instructions on forming an LLC in Washington, check out the tutorial: [Washington State LLC instructions](#)
- If you want to form a Corporation in Washington State, you can file it yourself or hire a filing company.



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Step 3: Register Your Business Entity with the WA Secretary of State

You must file your business’s formation documents with the Washington Secretary of State.

If you’re forming a Washington State LLC:

The filing fee is \$180 (by mail) or \$200 (online), and the document filed is called the Certificate of Formation. Check out [Washington LLC Cost](#) for more information about LLC fees.

If you’re forming a Washington State Corporation:

The filing fee is also \$180 (by mail) or \$200 (online), and the document filed is called the Articles of Incorporation.

If operating as a Sole Proprietorship or Partnership in Washington:

You don’t have to register with the Washington Secretary of State. Instead, you will obtain a state business license. See Step #6.

If you’re going to register a DBA (“doing business as”), which is called a [Trade name](#) in Washington, that will cost \$5. You can reference the [Trade name FAQs](#) for when a Trade name would be needed.

You can contact the Washington Secretary of State or Business License Services with any questions.

Secretary of State (SOS)

Phone: 360-725-0377

Email: corps@sos.wa.gov

Website: <https://www.sos.wa.gov/corps/>

Business License Services (BLS)

Phone: 800-451-7985

Email: BLS@dor.wa.gov

Website: <https://bls.dor.wa.gov/>



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Step 4: Get your Federal Tax ID Number

A Federal Tax ID Number, also known as an Employer Identification Number (EIN), is used by the IRS to identify your Washington business for tax purposes. Your EIN is used to open a business bank account, file taxes, get financing, and handle employee payroll (if applicable).

- Obtaining an EIN is FREE – Do not let someone (or a company) charge you for this service.
- Think of your EIN as your Washington business’s “social security number.”
- You can get your business’s EIN by mail, fax, or online.
- Getting your EIN online is the fastest option.
- You can access the online application here: [IRS EIN Application](#).

Step 5: Open a Business Bank Account (Optional but Recommended)

A separate business bank account and debit/credit card for your Washington business is important because:

- your personal assets are kept separate from your business assets
- accounting and finances will be easier to manage

You WILL need your EIN and UBI (see Step 6) for your Washington Business Bank Account.

One of the main reasons courts can “pierce the corporate veil” is due to the commingling of assets. This is when business and personal finances are mixed together.

- Keeping your Washington business’s assets separate from your personal assets also helps keep clean records.
- To learn how to open a bank account for your Washington State LLC, you can read this lesson: [LLC business bank account](#).
- Your bank will provide a debit card after the account is open.



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Step 6: Business License & Permits

State Business License:

Washington has a state-level business license obtained from the Washington Business Licensing Service (BLS). This statewide business license is sometimes called a “master business license” in Washington state. This registration helps notify all the applicable state agencies about your business.

After you start/form your business in Washington, you can get your state business license online from the [WA DOR online filing page](#). You can also read the [Washington business license FAQs](#). And if needed, you can also get the [license via paper filing](#).

Washington does not have a state [income tax](#).

However, Washington State does impose a [Business and Occupation \(B&O\) tax](#). Every type of business in Washington State is subject to this tax. That means Sole Proprietorships, Partnerships, Corporations, and LLCs. The B&O tax is based on the gross income of your business. There is also a local-level B&O tax which varies by [city and town](#).

If your Washington business sells tangible property, you must also collect and pay sales and use tax. Some service-based businesses must pay sales tax, too, as listed on the state’s [business tax structure](#) page.

We also recommend reading [tax classifications for everyday business activities](#).

For further questions, contact the Washington Department of Revenue: <https://dor.wa.gov/contact-us>.

Filing for a City of Seattle Business License

Every business in Seattle is required to have a Seattle business license, and they'll need to file a business license tax return in addition to filing with the state. You can file for a business license by going to the [City of Seattle's website](#) and submitting your forms online. You'll need to provide the following information:

- The legal name of your business
- Business entity type
- An estimate of your annual projected revenue
- The names and addresses of the owners/members of your company
- The date on which you plan to start your business in Seattle
- Main location address
- Business description
- Your WA State UBI – Provided by the WA Department of Revenue
- Your six-digit North American Industry Classification System (NAICS) code. This is a number the federal government provides to track statistics for each industry. You can find your code [here](#).



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Additional resources:

The Washington State Department of Licensing has two helpful pages with information: [business and professional licenses](#) and a [list of all licenses](#).

The Municipal Research and Services Center (MRSC) has a [list of cities in Washington](#) and a [list of counties in Washington](#). You can then contact your local municipality to see your business's license and permit requirements in your area or for your type of business.

And the Washington Business Hub has information on licenses and permits: [Business.WA.gov: Small Business Guidance \(Open Your Business\)](#)



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NOTICE OF RIGHTS

Independent Contractor Protections Ordinance

Independent Contractors Have a Right to:

- Receive a written notice that identifies the proposed terms and conditions of work and the terms and conditions of payment before starting work.
- Receive timely payment in accordance with the terms and conditions of the pre-work written notice or contract.
- If left unspecified, then receive payment within 30 days after the completion of services under the contract.
- Receive a written notice that gives specific itemized payment information each time that payment is made.

Who is Covered?

Self-Employed Independent Contractors who:

- 1 have no employees,
 - 2 perform any part of their work in Seattle for a commercial hiring entity,
- AND**
- 3 will receive or may reasonably expect to receive at least \$600 in total compensation from the hiring entity between January 1 and December 31 in a given year.

Know YOUR Worker Rights:

- **RETALIATION IS PROHIBITED:** These laws protect workers from retaliation for enjoying or exercising these rights.
- **RIGHT TO FILE A COMPLAINT:** Workers have a right to make a complaint with Office of Labor Standards (OLS) or file a lawsuit if a hiring entity violates these laws.
- **EMPLOYMENT RIGHTS:** If you believe you are an employee, rather than an independent contractor, OLS may be able to assist you.

As an employee, you may have rights to paid sick leave, minimum wage, overtime, and paid meal and rest breaks. Please review [Worker Classification Guide](#) before contacting OLS with further questions.

Exercising your rights under the ICP ordinance will not affect any rights a worker might have as an employee.

Other

- Hiring entities must provide this notice to independent contractors in English and the worker's primary language in hard copy or electronic format that is accessible prior to beginning work.
- OLS provides translations, interpretations, and accommodations for people with disabilities.

SCAN HERE TO READ THE
FULL ORDINANCE AND
FOR MORE INFORMATION:



Contact Office of Labor Standards

INDEPENDENT CONTRACTORS: File a complaint with OLS or file a lawsuit in court.
HIRING ENTITIES: Obtain compliance assistance and/or receive training.

10/22

206-256-5297



Seattle Office of
Labor Standards

seattle.gov/laborstandards





Independent Contractor Protections Ordinance

Questions and Answers

Seattle’s Independent Contractor Protection (ICP) Ordinance requires commercial hiring entities (HE) to provide Independent Contractors (IC) with specific pre-contract disclosures (e.g., a description of work, the rate of pay and the payment schedule), to provide timely payment to ICs, and to provide payment disclosures to ICs at the time of payment.

The **Seattle Office of Labor Standards (OLS)** is responsible for the administration of this ordinance, providing outreach, compliance assistance and enforcement services to workers and hiring entities.

If you have a question that this Q&A does not cover, visit the [Office of Labor Standards website](#). You may also call 206-256-5297 or reach us electronically:

- Independent contractors with questions and complaints – submit an [online inquiry form](#).
- Hiring entities with requests for technical assistance – send an email to business.laborstandards@seattle.gov or submit an [on-line inquiry form](#).

The Office of Labor Standards created this document to provide an explanation of the law. Note: Information provided by the Office of Labor Standards does not constitute legal advice, create an agency decision, or establish an attorney-client relationship with the reader.

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A. General Information

1. What does this ordinance do?

The Independent Contractor Protections (ICP) Ordinance requires covered hiring entities to provide independent contractors with disclosures prior to commencing work and at the time of payment. In addition, hiring entities must provide the agreed upon compensation within the time allowed under the terms of a contract, the terms of the pre-contract disclosure, or within 30 days of contract performance.

2. Where can I view a copy of the law and the rules that apply to this law?

The law ([SMC 14.34](#)) and administrative rules related to this ordinance ([SHRR 220](#) and [SHRR 140](#)) can be found on the Office of Labor Standards Independent Contractor Protections Ordinance [webpage](#).

3. When did the ordinance take effect?

The Independent Contractor Protections Ordinance took effect on September 1, 2022.

4. Which City department administers this ordinance?

The City of Seattle's Office of Labor Standards (OLS) implements this law. OLS provides a range of services for workers and hiring entities, including education, training, compliance assistance, intake, and investigations.

5. Where do workers call with questions? Can workers remain anonymous?

Workers can call 206-256-5297, email workers.laborstandards@seattle.gov, or submit an [online inquiry](#). Upon request, and to the extent permitted by law, OLS protects the identifying information (e.g. name, job title) of workers who report violations and witnesses who provide information during investigations. Where possible, OLS will not disclose the person's identifying information during and after the investigation, to the extent permitted by law. OLS may need to release the name of an independent contractor who is owed payment.

6. What happens when workers call OLS?

Workers may call OLS with questions or complaints. When workers call OLS, they will be directed to an intake investigator who will provide information about the law or gather information about issues at the workplace. If workers wish to make a complaint, OLS may collect information from additional witnesses and/or request documents from workers. After reviewing information provided by workers, OLS will decide if and how it can help, which may take a variety of forms, including simply providing information to the worker or hiring entity, trying to informally resolve the issue without a full investigation, or conducting a formal investigation. If OLS decides to investigate, and if OLS cannot investigate the hiring entity immediately, it may place the case on a waitlist.

7. Does a worker's immigration status impact coverage or application of the ordinance?

No, immigration status does not impact coverage/application of the ordinance. As a matter of policy, the City of Seattle does not ask about the immigration status of anyone using City services. [Read OLS' Commitment to Immigrant and Refugee Communities](#) for more information.

8. Can hiring entities contact OLS with their questions?



Yes! OLS provides compliance assistance and training for hiring entities. OLS encourages hiring entities to contact our office with questions using an [on-line inquiry form](#). OLS does **not** share information about hiring entity questions with our enforcement team. Our communications with hiring entities concerning compliance assistance are kept separate from the investigation process.

9. What happens when a hiring entity contacts OLS with a question about compliance?

Our goal is to help businesses attain full compliance with Seattle’s labor standards and we will answer many types of labor standards questions. OLS has staff dedicated to business engagement who respond to hiring entity inquiries and who are not members of the enforcement team. Communications with the business engagement staff are kept entirely separate from the investigation process.

Note: The information provided by our business engagement team is not intended to be and should not be construed as legal advice.

10. Does OLS provide language interpretation for its services?

Yes. If OLS staff do not speak your preferred language, OLS will arrange for an interpreter to help with the conversation. OLS’s services are free of charge regardless of whether interpretation services are required.

B. Independent Contractor and Hiring Entity Coverage

1. Which independent contractors are covered by the ordinance?

Under Seattle’s ICP ordinance, an independent contractor (IC) may be covered if three elements are met:

1. the IC is an individual hired by a commercial hiring entity as a self-employed person or entity to provide services in exchange for compensation. The individual can qualify as an independent contractor whether they are a person or an entity composed of no more than a single person, regardless of any corporate form or the use of a trade name.
2. The independent contractor’s work must be performed in whole or part in Seattle, and
3. the hiring entity must know or have reason to know that the work is performed in whole or part in Seattle.

2. Are any independent contractors excluded from coverage by the ordinance?

Coverage is not limited to any particular industry or profession, with two exceptions. The law does not cover (1) independent contractors working for a Transportation Network Company as defined in RCW 46.04.652 and (2) lawyers engaged in the practice of law for the service at issue. Except for these classes of workers, an independent contractor under the law can include app-based or platform gig workers.

3. Which hiring entities are covered by the ordinance?

Only commercial hiring entities are covered. Commercial hiring entities are defined as a “hiring entity regularly engaged in business or commercial activity.” Under the law, a “hiring entity is regularly engaged in business or commercial activity if the hiring entity owns or operates any trade, occupation, or business, including a not for profit business[.]” The location and size of the hiring entity are not relevant to determining the ordinance’s coverage.

Private households are generally not considered to be commercial hiring entities (for example, a



household hiring a plumber or a babysitter), and are not covered by this ordinance, but may be covered by Seattle's [Domestic Worker Ordinance](#) (DWO).

4. What types of not-for-profits are considered commercial hiring entities under the law?

The ordinance's definition of commercial hiring entity includes an entity that "owns or operates any ... business, including a not for profit business." The Office of Labor Standards interprets this language to mean any not for profit entity that has formed a legal entity and filed documents concerning the entity with the Secretary of State. So, if a not for profit is incorporated or operates through any corporate form, the agency would consider it a commercial hiring entity covered by the ordinance.¹

5. When is a commercial hiring entity covered by the ordinance?

A commercial hiring entity may be subject to the ordinance if two elements are met: (1) it hires an independent contractor to provide a service for either the entity or a third party and (2) does so in the course of the hiring entity's business or commercial activity. For example, if a shop owner hires a nanny to take care of their customers' children in support of an event the shop is hosting, the shop owner's contract with the nanny will be covered, assuming other coverage requirements like value of the contract are met. However, if the shop owner hires the nanny simply to take care of their own children, the contract will not be covered, as the contracted for service in that case are not "in the course of the hiring entity's business or commercial activity."

6. Is the consumer or end-user using an online platform to hire a gig worker for a service covered by this Ordinance?

No. Seattle's ICP ordinance specifies that a commercial hiring entity does not include third parties who purchase services from a hiring entity (e.g., a grocery delivery app) that hires platform gig workers to provide prearranged services.

C. Contract Coverage

1. Which contracts between commercial hiring entities and independent contractors are covered by the ordinance?

A contract must meet two elements for the ordinance to apply:

- (1) The contract must involve the exchange of services for compensation.
- (2) The contract must involve proposed or actual compensation of \$600 or more; or the compensation must be reasonably expected to be \$600 or more, either by itself or when considering all the services the independent contractor provides the same hiring entity during the calendar year.

For example, if the amount of money Jane Doe will earn is unclear at the outset of the contract, but the hiring entity paid a different contractor performing similar work \$600 or more in a calendar year, it may be reasonably expected that Jane Doe will earn a similar amount. This would make Jane Doe's contract subject to coverage by the ordinance and require the hiring entity to provide her the disclosures mandated by the law.

The ordinance explicitly excludes contracts in which the independent contractor's relationship with the hiring entity is limited to a property rental agreement (e.g., a hair stylist who simply pays rent to use a

¹ This interpretation is consistent with the City's Business Tax Rules, which broadly define engaging in a business activity as including the exercise of corporate powers See Seattle Rule 5-043(2)(a).



chair at a salon).

2. Can the ordinance apply in cases where there is no written contract?

Yes. Under the ordinance, if the independent contractor performs agreed-upon work for a hiring entity and the hiring entity fails to provide the contractor the written, pre-contract disclosure required by the law, there will be a presumption that the terms of the contractual relationship alleged by the independent contractor are the terms of the contract. This presumption may be rebutted by the hiring entity through clear and convincing evidence, such as a written contract.

3. If only part of the work is performed in Seattle, is it only that portion covered by the ordinance?

No. If any part of the work is performed in Seattle and the hiring entity know or has reason to know that part of the work is performed Seattle, then performance under the whole contract is subject to the law.

4. If a company based in Seattle hires an independent contractor outside of Seattle to perform services outside of Seattle, is the contract for services covered by the ordinance?

No, the hiring entity's location alone would not make the contract subject to coverage.

5. When does a hiring entity know or have reason to know that work is performed in whole or in part in Seattle?

Whether a hiring entity knows or has reason to know that work is performed in whole or part in Seattle can be shown through any number of factors, including but not limited to:

- a. The hiring entity specifies the location of the work to be performed, including a service area that is wholly or partially within Seattle;
- b. The hiring entity provides a location within Seattle at which the independent contractor is permitted or required to perform the work;
- c. The independent contractor maintains a regular place of business at an address in Seattle and the hiring entity is aware of this regular place of business as indicated by inclusion of the independent contractor's address in Seattle in a pre-contract disclosure, written contract, payment, or other means;
- d. The independent contractor provides information to the hiring entity indicating that work will be performed in whole or part in Seattle; or
- e. The independent contractor provides services that in fact include a work-related or commercial stop in Seattle.

If a pre-contract disclosure, payment disclosure, or a written contract references Seattle as a location for services or the independent contractor's regular place of business, the law presumes the hiring entity knows or has reason to know that the independent contractor's work is performed in whole or part in Seattle. This presumption may be rebutted by clear and convincing evidence to the contrary.

The lack of a reference to Seattle in the disclosures or contract does not conclusively establish that a hiring entity did not know, or did not have reason to know, that work was to be performed in Seattle.

6. Is a contract for services with a single-person business that subcontracts part of its performance under the contract to others covered?

Yes, if the business providing services to a hiring entity is a person or entity composed of no more than a single person and the contract for services otherwise meets the requirements outlined above, the contract will be covered. As an example, a technology company may contract with a catering company, which hires several independent contractors to work an event in Seattle at the technology company's office. The technology company's contract with the catering company will be covered if the catering company is a person or entity composed of no more than a single person and other coverage



requirements are met. Separately, the catering company's contracts hiring subcontractors will also be covered if the subcontractor is a single person and the subcontractor's contracts with the catering company during the calendar year when added together are reasonably expected to be \$600 or more.

7. Does the ICP ordinance apply when a private individual or household contracts with an independent contractor for services?

It depends. An individual or household who contracts with a person to provide services for their own, private household is not hiring a contractor in the course of a business or commercial activity, and thus not covered by Seattle's ICP ordinance. In these cases, an agreement for domestic services may instead be subject to Seattle's Domestic Workers' Ordinance (DWO).

However, an individual or household that regularly engages in business or commercial activity and hires an independent contractor in the course of that business or commercial activity is subject to coverage. For example, a person who leases part of their home or operates a short-term rental on the same property as their home might hire an independent contractor to improve or maintain the rental property. The contract for services to maintain a rental property would be subject to coverage by Seattle's ICP ordinance, assuming other coverage requirements are met.

D. Pre-Contract Disclosures

1. When must the written pre-contract disclosure be provided?

The written "pre-contract disclosure" must be provided prior to an independent contractor beginning work for the hiring entity. Thus, it may be easier to think of the document as a "pre-work disclosure." For independent contractors already working for a hiring entity when the law came into effect on September 1, 2022, the hiring entity must satisfy the pre-contract disclosure requirements by providing the required information either by the next date of compensation or September 30, 2022, whichever is sooner.

2. Is there an exception to the pre-contract disclosure requirements for emergency circumstances?

No. The ICP ordinance does not include an exception for emergency circumstances. That said, an email or even a text message can satisfy the pre-contract disclosure requirements of the law so long as the written communication contains all the information required by the ordinance.

3. What information must be included in the written pre-contract disclosure?

The written pre-contract disclosure must provide itemized information on the proposed terms and conditions of work, including but not limited to:

- f. Current date;
- g. Name of the independent contractor;
- h. Name of the hiring entity;
- i. Contact information for the hiring entity, including but not limited to physical address, mailing address, telephone number, and/or email address as applicable;
- j. Description of work;
- k. Location(s) of work and regular place of business of independent contractor or hiring entity;
- l. Rate or rates of pay, including any applicable price multiplier or variable pricing policy, or incentive pay applicable to the offer of work;
- m. Pay basis (e.g., hour, day, week, monthly, fee per project, piece rate, commission);



- n. Tips and/or service charge distribution policy, if applicable;
- o. Typical expenses incurred in the course of work and which expenses will be paid or reimbursed by the hiring entity, if applicable;
- p. Deductions, fees, or other charges that the hiring entity may subtract from payment and accompanying policies for each type of charge, if applicable; and
- q. Payment schedule.

OLS has created a model notice of the pre-contract disclosure in English, Spanish, and other languages available on our [website](#). Hiring entities are not required to use OLS' model notice but must provide the information identified above in English and any language the hiring entity knows or has reason to know is the primary language of the independent contractor. Hiring entities are not required to provide the pre-contract disclosures in languages other than English until the Office of Labor Standards makes the necessary translation of the model pre-contract disclosures available. Hiring entities are encouraged to notify the Office of Labor Standards of the need for additional translations.

4. If a bid document prepared by an independent contractor, a written contract between the parties, or other document contains all the information required by Seattle's ICP ordinance, does a hiring entity need to separately provide a pre-contract disclosure?

No. Hiring entities may satisfy the pre-contract disclosure requirements by providing the required information in any single document, which could be in the form of a pre-contract disclosure, contract offer, counteroffer, application, or any other single document that meets the disclosure requirements. If a document contains some but not all the required information, the hiring entity may prepare a document that contains the elements that are missing, identifies the other supporting document(s), and attaches the supporting document(s) so all the information is in effect provided in a single document, as the law requires.

Regardless of which party provides or produces the document cited as containing all the information mandated by Seattle's ICP ordinance, it remains the responsibility of the hiring entity (not the independent contractor) to ensure that all the elements of information required by the law are found in a single document.

5. If any changes are made to the pre-contract disclosure, does the hiring entity need to provide a new pre-contract disclosure?

Hiring entities may provide piece-meal notice of a small number of changes to the pre-contract disclosure. For changes to more than six of the items required in the pre-contract disclosure, hiring entities must issue a revised single document with all the required items.

6. What if a hiring entity is not satisfied with the independent contractor's work? Can the hiring entity pay less than the agreed upon compensation for services after the independent contractor has begun work?

No. Once the independent contractor has commenced performance of the services under a pre-contract disclosure or contract, the hiring entity is prohibited from requiring as a condition of timely compensation that the independent contractor accept less compensation than the amount of compensation due under the pre-contract disclosure or contract.



7. Can the rate of pay in the pre-contract disclosure be stated as a range of amounts, “to be determined” or “to be agreed upon”?

No. The pre-contract disclosure must make clear to the worker prior to the commencement of any work the precise rate, or precise rates if applicable, that the worker will receive for all work performed pursuant to the contractual relationship. If the contracted for work is subject to multiple rates of pay, the pre-contract disclosure should make clear to the worker the circumstances when each specified rate would apply.

8. What should the pre-contract disclosure identify as the location of work if the hiring entity does not dictate or control the location of work?

A pre-contract disclosure could state that the location of work is “unspecified / not limited by hiring entity.” If an independent contractor is granted a particular coverage or service area, that area should be specifically identified in the pre-contract disclosure. As an example, a real estate broker may not play a role in determining where a realtor works, buying and selling property for clients. In that case, the pre-contract disclosure might indicate that the location of the realtor’s work is “unspecified / not limited by hiring entity” and identify the coverage area where their license allows them to sell or buy property.

9. How detailed must the “description of work” be?

The description of work must include all terms and conditions that the hiring entity would require to be met as a pre-condition to payment for the agreed upon work. Any terms and conditions not itemized in the pre-contract disclosure may not be relied on by the hiring entity as a basis for the failure to make timely payment under the ordinance.

10. What does the pre-contract disclosure need to include regarding a tip policy?

Where the hiring entity has a policy or practice regulating tipping in any respect, it must describe that policy or identify any document describing the policy and attach a copy to the pre-contract disclosure. At a minimum, the pre-contract disclosure should describe whether tips are retained by the hiring entity, the independent contractor, or split between the parties and the percentage split. If the hiring entity has not provided a pre-contract disclosure describing the hiring entity’s policy or practice regulating tips, there is a rebuttable presumption that the independent contractor’s alleged terms and conditions regarding tipping are the terms and conditions of the contractual relationship.

11. What does the pre-contract disclosure need to include regarding a service charge policy?

Under Seattle’s ICP ordinance, “service charge” means a separately designated amount collected by hiring entities from customers for services provided by independent contractors, or described in such a way that customers might reasonably believe that the amounts are for such services. Service charges include but are not limited to charges designated on receipts as a “service charge,” “gratuity,” “delivery charge,” or “portage charge.” Where the contracted services typically involve service charges, hiring entities must disclose the percentage of the service charge that is paid to the independent contractor(s) serving the client or customer. If any portion of a service charge is not clearly designated as being retained by the hiring entity, it is due to the independent contractor(s) serving a client or customer.

12. If neither the hiring entity or independent contractor will be collecting tips or service charges, does the pre-contract disclosure need to address a tip or service charge policy?

If the hiring entity does not regulate tipping or the contracted services do not typically involve tipping or service charges, the hiring entity may indicate “not applicable” or include a statement to similar effect in



the pre-contract disclosure.

E. Timely Payment

1. What does timely payment mean under Seattle’s ICP ordinance?

The law requires that hiring entities pay independent contractors according to the timeline outlined in the contract or pre-contract disclosure. If the timing of payment was not specified in a pre-contract disclosure or the contract, then the hiring entity must pay the independent contractor no later than 30 days after the completion of the independent contractor’s services under the contract.

2. When does the 30-day timeline start?

When there is no pre-contract disclosure or contract between the parties specifying when payment is due, the 30-day deadline for payment begins to run when the hiring entity knows or has reason to know the independent contractor has completed services under the contract. The determination of whether a hiring entity knows or has reason to know the independent contractor has completed services under the contract may be demonstrated by any number of factors, including but not limited to:

- a. The hiring entity’s opportunity to observe the completion of services;
- b. Verbal communication of completion by the independent contractor;
- c. Written communication of completion by the independent contractor (e.g. email, text message); or
- d. Provision of a final invoice by the independent contractor.

3. Does the ordinance require that independent contractors be paid minimum rates or amounts?

No. Seattle’s ICP ordinance requires timely payment but does not say how much a hiring entity must pay an independent contractor. Beginning December 2023, an independent contractor who qualifies as an “app-based worker” may be entitled to receive specific minimum amounts of compensation under the App-Based Worker Minimum Payment Ordinance. However, in the absence of that or other applicable law, compensation is determined by agreement between the independent contractor and hiring entity.

4. What are a hiring entity’s obligations under ICP if an independent contractor only partially performs the agreed upon work?

Requirements for timely payment for partial performance under Seattle’s ICP ordinance depend on the specific terms and conditions set out in the pre-contract disclosure, contract, or in the absence of such documents, the terms and conditions alleged by the independent contractor. As an example, if an independent contractor and hiring entity agree that installment payments will be made upon the completion of specific benchmarks, then timely payment may be due in accordance with the terms of the contract or pre-contract disclosure based on completion of some benchmarks, regardless of whether all benchmarks were fully met.

5. Is timely payment required if the hiring entity disputes that the independent contractor has performed the agreed upon work?

The hiring entity’s obligation to provide timely compensation will depend on the specific terms and conditions set out in the pre-contract disclosure, as well as the facts of the alleged performance. The description of work in the pre-contract disclosure should include all terms and conditions that the hiring entity would require to be met as a pre-condition to payment. Any terms and conditions not itemized in



the pre-contract disclosure may not be relied on by the hiring entity as a basis for failing to make timely payment under Seattle’s ICP ordinance.

F. Payment Disclosures

1. How often must the written payment disclosure be provided?

Each time the hiring entity provides the independent contractor with compensation, the hiring entity must provide a written payment disclosure.

2. What information must be included in the written payment disclosure?

The written payment disclosure must provide itemized payment information, including but not limited to:

- a. Current date;
- b. Name of independent contractor;
- c. Name of hiring entity;
- d. Description of services covered by payment (e.g., description of project, tasks completed, or hours worked);
- e. Location of services covered by payment;
- f. Rate or rates of pay, including any applicable price multiplier or variable pricing policy, or incentive pay applicable to the work;
- g. Tip compensation and/or service charge distributions, if applicable;
- h. Pay basis (e.g., hour, day, week, monthly, fee per project, piece rate, commission) with accounting of method(s) for determining payment earned during the pay period;
- i. Expenses reimbursed, if applicable;
- j. Gross payment;
- k. Deductions, fees, or other charges, if applicable; and
- l. Net payment after deductions, fees, or other charges.

OLS has created a model payment disclosure in English, Spanish, and other languages available on our [website](#). Hiring entities are not required to use OLS’ model notice but must provide the information identified above in English and any language the hiring entity knows or has reason to know is the primary language of the independent contractor. Hiring entities are not required to provide payment disclosures in languages other than English until the Office of Labor Standards makes the necessary translations available. Hiring entities are encouraged to notify the Office of Labor Standards of the need for additional translations.

3. How detailed must the payment disclosures “description of services covered by payment” be?

The payment disclosure should include enough information that the independent contractor understands what work the hiring entity is paying for. If payment is based on the number of hours worked, a statement of the hours for which payment is being made may suffice. In other cases, the pre-contract disclosure may provide that payment is to be paid in installments upon various phases of a project being completed, in which case the payment disclosure should clearly identify the project milestones or parts of the work described in the pre-contract disclosure for which the hiring entity is making payment.



4. Can an invoice from the independent contractor satisfy the payment disclosure?

If an independent contractor provides an invoice, the hiring entity may provide a written payment disclosure that references the contractor’s invoice, as well as any additional required information. The hiring entity remains responsible for ensuring that all required information is included in the payment disclosure.

G. Notice of Rights

1. When are the Notice of Rights to be provided?

Hiring entities shall provide the notice of rights prior to the independent contractor beginning work for the hiring entity. For independent contractors already working for a hiring entity when the law came into effect on September 1, 2022, the hiring entity must provide the notice of rights either by the date of compensation or September 30, 2022 , whichever is sooner.

2. What information must be included in the Notice of Rights?

The Notice of Rights must provide information on:

- a. The rights to pre-contract disclosures, timely payment, and payment disclosures;
- b. The right to be protected from retaliation;
- c. The right to file a complaint with the Seattle Office of Labor Standards or to bring a civil action for a violation of the law.

OLS has created a model Notice of Rights in English, Spanish, and other languages. Hiring entities are not required to use OLS’ model notice but must provide the information identified above.

3. Do hiring entities need to provide non-English translations of the Notice of Rights?

Hiring entities must provide the notice of rights in English and any language that the hiring entity knows or has reason to know is the primary language of the independent contractor. The Office of Labor Standards will create and make available translated versions of the Notice of Rights. Hiring entities are not required to provide the Notice of Rights in languages other than English until the Office of Labor Standards makes the necessary translation available. Hiring entities are encouraged to notify the Office of Labor Standards of the need for additional translations.

4. What is considered a person’s “primary language” and how does a hiring entity know or have reason to know the primary language of an independent contractor?

Primary language means the language in which the independent contractor feels most comfortable communicating. Each hiring entity should make a good faith effort to determine the primary languages of independent contractors performing services.

H. Recordkeeping

1. What are the recordkeeping requirements for Seattle’s ICP ordinance?

The ordinance requires hiring entities to keep records that document compliance with the ordinance for each independent contractor for three years. This would include, for example, records showing that



hiring entities provided pre-contract disclosures, payment disclosures, timely payment, and the notice of rights. If a hiring entity alleges that its pre-contract disclosure duty is met based on providing the required information in a contract offer, counteroffer, application, or other single document that might meet the law's requirements, such records must be retained. Emails and text messages attaching such disclosures or notices should also be retained as evidence that documents were in fact provided to the independent contractor on specific dates.

Records showing the amount of tips, service charges, or other funds that a hiring entity has collected and is obligated to distribute to a contractor must also be retained. For example, if it is agreed that a contractor will receive a percentage of the hiring entity's alcohol sales, then records of the total alcohol sales must be retained to prove that the contractor received timely payment of the agreed compensation.

2. Can records be maintained electronically, rather than in hardcopy?

Records can be kept either electronically or in hard copy.

I. Prohibition on Retaliation

1. Does the ordinance prohibit retaliation? What is retaliation?

Yes. Retaliation is illegal. Hiring entities and other persons are prohibited from taking any adverse action or discriminating against a person because the person exercised their rights protected by Seattle's ICP ordinance in good faith. Adverse actions include, but are not limited to, temporarily or permanently denying or limiting the independent contractor's access to work, offering less desirable work, terminating, deactivating, or taking any other action that would dissuade a reasonable person from exercising a right afforded by the law. Rights protected by the law include, but are not limited to:

- Making inquiries about the rights protected under Seattle's ICP ordinance;
- Informing others about their rights under the law;
- Informing the person's hiring entity, legal counsel, a union or similar organization, or any other person about an alleged violation of the law;
- Filing an oral or written complaint about an alleged violation of the law
- Participating in an investigation of an alleged violation of the law; and
- Opposing any policy, practice, or act that is unlawful under the law.

J. Ordinance's Effects on Contract Validity and Other Laws; Waiver of Rights

1. If a hiring entity fails to provide a pre-contract disclosure or otherwise fails to comply with Seattle's ICP ordinance, does that impact the validity or enforceability of the parties' contract?

No. The ordinance states that the hiring entity's failure to comply with the law does not void any contract, and that the ordinance only supplements and does not replace rights under other laws. For example, both parties to a contract for services may have contractual rights and remedies, in addition to



those provided for by Seattle's ICP ordinance.

2. Can independent contractors waive their rights to protections under Seattle's ICP ordinance?

No. The law provides that any waiver by an individual of the law's protections is void and unenforceable.

3. If a Hiring Entity complies with Seattle's ICP ordinance or a worker asks a hiring entity to act in compliance with the law, will that impact a determination on whether a worker has been misclassified as an independent contractor, rather than classified as an employee?

No. The ordinance is clear that no part of Seattle's ICP ordinance can be construed as providing a determination about the legal classification of any individual as an employee or independent contractor. The rights and obligations provided by the ordinance are separate and distinct from that determination.

Whether a worker is improperly classified as an independent contractor, rather than as an employee, will depend on the nature of the relationship between the worker and the hiring party. If a worker is found to be an employee, the worker may be entitled to a broad set of workplace rights. These rights include the right to be paid the minimum wage and overtime, paid safe and sick time, unemployment insurance, and employer-funded workers' compensation benefits, among others. More information on the test for employment vs. independent contractor status can be found [here](#).





Seattle Office of Labor Standards
Pre-Work Written Notice (Sample)

Commercial hiring entities must provide self-employed Independent Contractors covered by Seattle’s Independent Contractor Protections Ordinance (ICP) with a written notice that identifies the proposed terms and conditions of work and the terms and conditions of payment before the Independent Contractor begins the work. The pre-work written notice must be provided in English and the primary language of the Independent Contractor receiving the information.

After issuing the initial Pre-Work Written Notice, hiring entities may provide piece-meal notice of changes (i.e., notice separate from the original pre-work written notice). However, if changes are made to more than six of the items required in the Pre-Work Written Notice, hiring entities must issue a revised single document with all the required items.

For more information contact Seattle Office of Labor Standards at (206) 256-5297 or see <https://www.seattle.gov/laborstandards>.

Today’s Date: _____

INDEPENDENT CONTRACTOR

1. Independent Contractor’s Name: _____
 2. Location of Independent Contractor’s Regular Place of Business:
 Street _____ City _____ State _____ Zip _____
- Optional Information (Independent Contractor items 3 & 4):
3. Company and *Doing Business As* Names (if any): _____
 4. Phone: _____ Email: _____

HIRING ENTITY

1. Hiring Entity’s Name: _____
2. Hiring Entity’s Physical Address:
 Street _____ City _____ State _____ Zip _____
3. Hiring Entity’s Mailing Address (if different): Same as Physical Address
 Street _____ City _____ State _____ Zip _____
4. Phone: _____ Email: _____

LOCATION(S) OF WORK

Check all that apply and list any additional locations of work [including coverage area(s) if applicable]. Check the box for Unspecified/Not Limited by Hiring Entity if the location of work is not specified or limited. Attach additional page if necessary.

- | | |
|---|---|
| <input type="checkbox"/> Independent Contractor’s Regular Place of Business | <input type="checkbox"/> Hiring Entity’s Physical Address |
| <input type="checkbox"/> Coverage / Service Area: _____ | <input type="checkbox"/> Unspecified / Not Limited by Hiring Entity |
| <input type="checkbox"/> Street _____ City _____ State _____ Zip _____ | |
| <input type="checkbox"/> Street _____ City _____ State _____ Zip _____ | |
| <input type="checkbox"/> Street _____ City _____ State _____ Zip _____ | |

DESCRIPTION OF WORK

Describe the work and/or services that the Independent Contractor will provide. Include the information that is important to your agreement. Attach additional pages if necessary. If the work is described in another document, identify the document and attach it. Include all terms and conditions the Hiring Entity requires to be met before payment is made.

PAYMENT

1. Rate or rates of pay (include any price multiplier, variable pricing policy, or incentive pay as applicable):

2. Pay basis (Check all that apply):

<input type="checkbox"/> By the Hour	<input type="checkbox"/> Fee Per Project	<input type="checkbox"/> Non-Discretionary Bonus
<input type="checkbox"/> By the Day	<input type="checkbox"/> Piece Rate	<input type="checkbox"/> Discretionary Bonus
<input type="checkbox"/> By the Week	<input type="checkbox"/> Commission	<input type="checkbox"/> Other (explain below)

3. Payment Schedule (Check one box and complete the related section):

Payment will be made in one lump sum payment as follows:

Payment in full will be due on this date: _____

(OR)

This is how the due date for payment in full will be determined:

(For example: 10 days after the above-described work is completed)

Payment will be made in installments, after reaching the specified milestones, as follows:

- \$ _____ (OR) _____% due within _____ days of _____
- \$ _____ (OR) _____% due within _____ days of _____
- Remaining balance will be due within _____ days of the completion of all remaining items included in the Description of Work provided above.

4. Tips and Service Charge Policies:

- The Hiring Entity has a policy or practice regulating tipping: Yes No

If yes, describe the policy. If applicable, include any tip sharing or pooling. State at a minimum if tips will be kept by the Hiring Entity, kept by the Independent Contractor, or split between the parties and the percentage of the split. If a policy with this information is found in another document, identify and attach it.

- The Hiring Entity will collect a separately designated amount of money from a customer or client based on the service the Independent Contractor provides, which may include but is not limited to a charge described on the customer's receipt as a "service charge," "gratuity," or "delivery charge": Yes No

If yes, state the percentage of such charge to the customer that will be paid to the Independent Contractor serving the customer or client: _____

5. Typical Costs (e.g., materials, supplies):

The typical costs incurred in the course of the described work are listed below. Each cost will be paid for or reimbursed by the Hiring Entity to the extent indicated. Attach additional page if necessary.

	Paid for by Hiring Entity?	Reimbursed by Hiring Entity?	Cost assumed by Independent Contractor?
a. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If payment for the typical costs is different than the Payment Schedule described in Section 3 above, explain how:

6. Deductions, Fees, or Other Charges (e.g., rental fee):

Identify all deductions, fees, or other charges the Hiring Entity may subtract from payment and provide the accompanying policy for each type of charge, if applicable: _____

7. Attach any additional terms or conditions, if applicable.



Seattle Office of Labor Standards
Written Notice – Itemized Payment Information (Sample)

Commercial hiring entities must provide self-employed Independent Contractors covered by Seattle’s Independent Contractor Protections (ICP) ordinance with a written notice that gives specific itemized payment information each time payment is made to the Independent Contractor. The written notice must be provided in English and the primary language of the Independent Contractor receiving the information. Hiring entities are encouraged to notify the Office of Labor Standards if a translated copy of this document is needed. **For more information contact Seattle Office of Labor Standards at (206) 256-5297 or see <https://www.seattle.gov/laborstandards>.**

ITEMIZED PAYMENT INFORMATION		
Payment must meet terms and conditions agreed to by both parties in the Pre-Work Written Notice		
A. Today’s Date		
B. Independent Contractor’s Name		
C. Hiring Entity’s Name		
D. Description of Work Covered by Payment (e.g., hours and dates worked, description of project or tasks completed, the installment number for a contract milestone, or incorporating the description of work stated in a specific invoice)		
E. Location(s) of Work Covered by Payment		
F. Payment	Amount	Description: See italicized examples
1) Payment by Rate(s) and Basis -- specify any price multiplier, variable pricing policy, or incentive pay as applicable: <ul style="list-style-type: none"> • By the Hour • By the Day • By the Week • Fee Per Project • Piece Rate • Commission • Non-Discretionary Bonus • Discretionary Bonus • Other (specify) 	\$	= ___ (#) hours at service rate of \$___/hour
	\$	= ___ (#) days at service rate of \$___/day
	\$	= ___ (#) weeks at service rate of \$___/week
	\$	= ___ (#) projects at fee of \$___/project
	\$	= ___ (#) pieces at rate of \$___/piece
	\$	= Commission at ___% of \$___ sales
	\$	= Exceeded Goals Bonus of \$___
	\$	= Early Completion Bonus of \$___
	\$	= Other (specify): _____ _____
2) Tip Payment (if applicable)	\$	= tips
3) Service Charge Payment (if applicable)	\$	= service charge payment
4) Itemized Costs Reimbursed (if applicable) – specify each cost	\$	= reimbursement of _____ cost
	\$	= reimbursement of _____ cost
GROSS PAYMENT TOTAL	\$	
G. Itemized Deductions, Fees, or Other Charges (if applicable) – specify each deduction, fee, or other charge	\$	= deduction for _____
	\$	= fee for _____
	\$	= other charge for _____
NET PAYMENT TOTAL	\$	