

The freelance compliance health-check

Twenty-three questions to put to whoever runs your freelance and contractor operation in the US, UK and Europe. None of them need a lawyer to answer, but every "not sure" is somewhere a tax authority, a labor inspector or an auditor would start digging. Score yourself honestly; the tally is on the back page.

01 Who decides who's self-employed? *the single biggest exposure in every country*

	✓	✗	?
When you engage a freelancer in the US, UK, Germany or Spain, who decides they're genuinely self-employed, and is that decision written down anywhere?	☐	☐	☐
Could you produce, today, a status determination for every freelancer currently working for you?	☐	☐	☐
Do the answers change country by country, or is one country's logic being applied everywhere?	☐	☐	☐

Why it matters: Germany polices false self-employment (Scheinselbständigkeit) with back-dated social contributions; Spain's "falso autónomo" enforcement is aggressive; the UK has off-payroll (IR35) rules with formal status determinations; France applies a presumption of employment to many entertainment and production workers. The tests differ from country to country, and a freelancer who is fine in one can be an employee in the next.

02 The paper chain *what an auditor asks for first*

	✓	✗	?
Is there a written contract for every engagement, or are some bookings running on a "gentleman's agreement" over email or WhatsApp?	☐	☐	☐
Which of your legal entities is each freelancer actually contracted to, and does that match who pays them?	☐	☐	☐
Do your contract terms reflect how people really work (who controls hours, whether they can send a substitute), or would the reality contradict the paperwork?	☐	☐	☐

03 Identity, right to work & the business behind the invoice *trust is not a control*

	✓	✗	?
Are ID and right-to-work checks done before someone's first day, in every country and not just the UK?	☐	☐	☐
When a freelancer invoices through "their limited company", does anyone verify it's a real, registered, trading entity?	☐	☐	☐
Do you hold current insurance certificates for the self-employed people on your sites and productions?	☐	☐	☐

04 Hours, overtime & local rules *where costs leak quietly*

	✓	✗	?
Can you say, per person and per event, how many hours were actually worked last month, without reconstructing it from messages?	☐	☐	☐
Is overtime calculated against an agreed model, or negotiated after the fact?	☐	☐	☐
Are country-specific obligations (per diems and subsistence norms in Germany, working-time limits, rest breaks) applied consistently, and who checks?	☐	☐	☐

05 The US question: W-2 or 1099 *same risk, different rails, decided state by state*

	✓	✗	?
Who decides whether a US crew member is W-2 or 1099, and is that decision tested against the IRS control factors, or is it just "how we've always engaged them"?	☐	☐	☐
Are any of your 1099 contractors working set schedules, on your equipment, under your supervisors? That is the profile the IRS and state labor departments look for first.	☐	☐	☐
Where a worker has to be W-2, do you have an employer entity, payroll and workers' compensation in place in that state, or would you be improvising on the first hire?	☐	☐	☐

Why it matters: the US runs the same exposure on different rails: IRS common-law control tests, the Department of Labor's economic-reality test, and stricter state ABC tests. Classification is decided state by state, so what passes in Georgia can fail in California. Misclassification means back taxes, overtime and benefits liability for the engaging business, and a W-2 route needs an employer entity, payroll and workers' comp in place before day one.

06 Paying people across borders *finance sees the symptoms first*

	✓	✗	?
How many people touch a freelancer payment from booking to bank, and could you name them?	☐	☐	☐
Are you paying individuals cross-border without knowing whether local withholding or VAT rules apply?	☐	☐	☐
Do freelancers invoice late, or not at all for months, leaving spend you can't see and accruals finance can't close?	☐	☐	☐
Do you know what your freelance operation actually costs to run, including the internal hours spent chasing?	☐	☐	☐

07 Drift, and who owns it *the risk that grows while nobody watches*

	✓	✗	?
Do any of your "freelancers" work for you most of the year, on your kit, under your managers, and would they look like employees to an inspector?	☐	☐	☐
When a role's scope changes mid-engagement, does anyone re-check the status decision?	☐	☐	☐
Who owns freelance compliance end-to-end in your business today? One name, not a committee.	☐	☐	☐
If a tax authority opened an enquiry tomorrow morning, how long would it take you to produce a complete file on any one worker?	☐	☐	☐

Score yourself

Count your answers into the three boxes. A ✓ means yes, and you could show the evidence. Now add the ✗ and ? boxes together: that total, out of 23, is your exposure score. A "we don't know" counts the same as a "we don't", because that is exactly how an auditor will treat it. **0-2:** better shape than most; keep it that way as you add countries. **3-6:** real exposure in at least one place, usually fixable without changing how your teams book people. **7+:** the operation is running on trust, and the liability sits with the business, not the freelancer. Whatever your number, the fix is process, not panic.

✓	✗	?

What good looks like

01. One gate

Nobody works until status, identity, right-to-work and business checks are done per country, evidenced, before the first booking.

02. One paper chain

A written contract for every engagement, matching the entity that pays and the way the work is actually done.

03. One record per worker

Status decision, documents, bookings, hours and payments in a single auditable file, producible in minutes rather than weeks.

04. One owner

A named party accountable for keeping it all current as rules, roles and rosters change, so drift gets caught rather than discovered.