

Employees or Independent Contractors? Ontario Law Firm Explains What Workers and Employers Need to Know in 2025

Lecker & Associates explains key differences between employees and contractors in Ontario, outlining legal risks and misclassification consequences for 2025.

TORONTO, ON, CANADA, December 23, 2025 /EINPresswire.com/ -- As contract and gig-based work continues to grow across Ontario, [Lecker & Associates](#) is highlighting the critical legal distinctions between employees, independent contractors, and dependent contractors — and the serious consequences that can arise when workers are misclassified.

From freelance designers and consultants to gig-economy drivers and project specialists, contract work offers flexibility for both companies and workers. However, under Ontario law, simply labeling a worker as an “independent contractor” in a written agreement does not determine their legal status. Instead, courts focus on the reality of the working relationship. Misclassification can expose both employers and workers to significant legal and financial risk.

Understanding Worker Classifications

Generally, an employee is integrated into a company’s day-to-day operations, performs work under the employer’s direction, relies on the organization for income, and is entitled to statutory protections under Ontario employment law.

Independent contractors, by contrast, operate their own businesses. They typically control how, when, and where work is performed, supply their own tools or resources, assume financial risk, and may provide services to multiple clients. Their rights and obligations are primarily governed by contract, and they are generally not covered by the Employment Standards Act (ESA).

Between these two classifications lies a third category recognized by Ontario courts: the dependent contractor. Dependent contractors may operate their own businesses in some respects but are economically dependent on a single client or organization for most of their income. While they do not receive ESA protections, courts acknowledge that they are not fully independent.

Courts and tribunals have also faced increasingly complex classification questions involving gig-economy workers, such as ride-share and delivery drivers. These cases continue to evolve as

modern work models change.

Legal Protections and Dependent Contractors

Although dependent contractors are not considered employees, they may be entitled to certain protections under common law, including reasonable notice of termination. This status exists to prevent employers from taking advantage of workers who rely heavily on one organization for their livelihood.

A leading Ontario case confirming this principle is *Keenan v. Canac Kitchens Ltd.*, 2016 ONCA 79, in which Lecker & Associates acted as counsel. In that decision, the Ontario Court of Appeal upheld a 26-month notice award — the longest notice period ever awarded for the wrongful dismissal of a dependent contractor.

Despite being classified as “independent contractors” in writing, Marilyn and Lawrence Keenan were found to be dependent contractors due to their long-standing and near-exclusive relationship with Canac Kitchens. When their contracts were terminated without notice or pay in lieu, the court ruled they were entitled to reasonable notice and awarded damages of approximately \$125,000 in lieu of 26 months’ notice.

The decision underscores that legal obligations are determined by the nature of the working relationship, not the title used in a contract.

Why Proper Classification Matters

Worker classification determines which rights and protections apply. Employees are covered by Ontario’s Employment Standards Act, which provides minimum wage, overtime pay, hours of work and breaks, vacation pay, and termination pay or notice. Employees are also protected under Ontario common law and the Occupational Health and Safety Act.

While dependent contractors do not receive ESA entitlements, they may still be entitled to reasonable notice of termination under common law. Employers who fail to meet their legal obligations risk fines, civil claims, and other serious consequences.

How Courts Determine Classification

Courts do not rely on labels alone. As set out by the Supreme Court of Canada in *671122 Ontario Ltd. v. Sagaz Industries Canada Inc.*, [2001] SCC 59, the central question is whether a worker is truly operating an independent business or functioning as part of the employer’s organization.

To answer this, courts consider a range of factors, including:

Control over daily work and tasks

Who provides tools and equipment

The ability to work for multiple clients

Financial risk assumed by the worker

Reporting structure

Payment terms

How the worker is hired and terminated

No single factor is determinative. Instead, courts assess the relationship as a whole.

How Lecker & Associates Can Help

Lecker & Associates advises both workers seeking to understand their rights and employers looking to avoid costly misclassification disputes. The firm's Toronto-based employment lawyers assist clients with classification assessments, entitlement reviews, negotiations, and representation in disputes.

For more information, contact Lecker & Associates at 647-697-4316, email intake@leckerslaw.com, or [book a no-charge assessment](#).

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