



## CONTRACT FOR SERVICE AND CONTRACT OF SERVICE

### **CONTRACT FOR SERVICE AND CONTRACT OF SERVICE**

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#### **INTRODUCTION**

In the modern world, businesses frequently enter into numerous individuals and organizations to satisfy their daily and commercial needs. To fulfill their needs, businesses may employ people or use a third party's services. However, they enter into a number of contracts for all intents and purposes. All contracts entered by the company can be broadly categorized into two categories:

##### **1. Contract For Service**

This is sometimes known as **Work for Hire Agreement** which by definition refers a legal agreement between a service provider and a client that outlines the terms and conditions of the service being provided. The contract should clearly define the scope of the services, the responsibilities of each party, the payment terms and any other relevant details.

The third party is not the employer of the business or company but rather an independent service provider. The third party does not qualify for the advantages that the company's workers do or occasionally are eligible for while working there and the company does not exercise control over the third-party.

Some Key Elements that should be included in a contract for service in Tanzania include:

- Description of the services
- Payment terms
- Duration of the contract
- Termination clause
- Confidentiality clause
- Dispute resolution clause

##### **2. Contract of Service**

This is sometimes known as **Employment Contracts** which by definition refers to an agreement that is entered into by the company with an individual for availing his/her



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services. The person in this situation is an employee of the business and is entitled to from time to time during the course of their employment.

Tanzanian labour Law requires that workers should be provided with written employment contract at the start of employment except those who work less than 6 days in a month for an employer. The employment contract may be of definite or indefinite period or for a specific task.

An employment contract must state the following information: name, age, permanent address and sex of the worker; place of recruitment; job description; date of commencement; form and duration of the contract; place of work; hours of work; remuneration, the method of its calculation, and details of any benefits or payments in kind, and any other prescribed matter. However, if these particulars have already been provided in employment contract, employer may not furnish the written state of employment particulars.

The Employment and Labour Relations (General) Regulations, 2017 stipulates that the fixed term contract for professionals and managerial employees cannot be less than 12 months.

In any dispute either of interest, right, or tortuous (vicarious) liability it is important to define what a contract of service is, since it is from that relation where a person working for another qualify as employee as distinguished from an independent contractor; and his or her purported master as an employer thus creating a contract of service between the two, hence be able to enforce rights and obligation accruing under such relation.

### **CONCLUSION**

The Employment and Labor Relations Act of 2004 unlike its predecessor, does not clarify what a contract of service is as opposed to a contract for service making it difficult to draw a line between the two and ultimately leading to confusion regarding how to proceed in determining the rights and obligations of the parties thereto.

The distinction between “a contract of service” and “a contract for service” is vital in determining an individual’s legal position. Only an employee under a contract of service will be entitled to invoke the jurisdiction of the industrial Court in the event where his rights under the statute had been violated by the employer. If not, the claimant can only seek remedy for a breach of contract in a civil court.