

Services Agreement Policy

Intellect Commodities Pvt Ltd, A Service Agreement is a contract that governs the **provision** of services in lieu of payment or other consideration. It can be used by any person or organization which provides services. Some examples include people or entities engaged in the business of building and construction, and electrical work as well as coaching, personal training, consulting and professional services.

The Service Agreement will set out the exact **scope of work**, as well as **timeframes** for completion of work, **payment terms** and dispute resolution mechanisms.

While Service Agreements simplify the process for resolving disputes, they also prevent many disputes from arising in the first place. They do this by forcing the parties to discuss and record the key elements of the arrangement upfront which is why it is pertinent to enter into a **written service agreement**. If a written agreement for services is not entered into and parties work on oral arrangements, they may miss out on **crucial terms** such as when payment is due, where materials are to be purchased, or who is to pay for materials. If these issues are not addressed upfront, they can lead to costly legal disputes when they are eventually discovered.

Contractor v Employee

People or businesses using this document may need to consider the difference between a contractor and an employee. This Service Agreement enables a **service provider to be hired as a contractor**. This is different from an employment contract, which would enable the service provider to be hired as an employee and would require the provision of all kinds of benefits under labour laws.

The difference between an employee and a contractor is based on many factors such as the extent of control, whether the contractor is permitted to work with other clients, whether it chooses its own equipment to provide the services and whether the work can be sub-delegated, and no single factor is determinative. Simply using this Service Agreement is not enough to convert an employee into a contractor. Instead, the courts will look at the entire arrangement, and decide whether the service provider is working within the business, as part of the business (like an employee with very little control) or whether the **contractor is running their own business** (like a contractor).

How to Use This Document

This Service Agreement can be set up to deal with either an ongoing arrangement for the provision of services or a one-off project.

In either case, the more details that can be provided regarding the **various details of the arrangement**, the more likely it is that disputes will be prevented.

Some important details to be considered include:

- **description** of the work to be performed
- how it will be determined that the work is **complete** and whether there are any milestones
- when **payment** will be released
- how the agreement may be **terminated**
- what parties should do in the case of **disputes**

Service providers should provide a new Service Agreement every time they undertake a new project, although a "project" may be ongoing indefinitely, (eg maintenance services). A separate Service Agreement will also need to be provided to every different client.

The Service Agreement will be legally binding when it has been printed on non-judicial **stamp paper** or e-stamp paper and **signed by both** the service provider and the client and has been **dated**. The value of the stamp paper would depend on the **state in which it is executed**. Each state in India has

provisions in respect of the amount of stamp duty payable on such agreements. Information regarding the stamp duty payable can be found on the State government websites. For instance, the website of the state of Karnataka provides details of stamp duty payable on agreements as does the website of Delhi.

Both the service provider and the client should **keep a signed copy of the Service Agreement**. In order to do this, two different copies can be signed, or if only one copy is signed, it can be photocopied and then distributed between the parties.

Applicable Law

The principles of the contract under the **Contract Act, 1872** would govern these agreements. Further, the **Consumer Protection Act, 2019**, also applies to all goods and services, excluding goods for resale or for commercial purposes and services rendered free of charge and under a contract for personal service. It protects the rights of customers such as the right to be informed, right to safety etc.

Goods and Services Tax (GST) is applicable to the supply of services at different rates for different categories of services other than a few services which are exempt. More information can be found on the website of the Central Board of Excise and Customs.

How to modify the template

You fill out a form. The document is created before your eyes as you respond to the questions.

At the end, you receive it in **Word and PDF** formats. You can **modify** it and **reuse** it.

Fill out the template

A guide to help you: What is the Difference between an Employee and an Independent Contractor?

Other names for the document: Agreement for Hire of Services, Agreement for Provision of Consultancy Services, Agreement for Provision of Services, Agreement for Provision of Services by Contractor, Agreement for Service

Country: India

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- Services Termination Notice
- General Receipt
- Franchise Agreement
- Memorandum of Understanding
- Supply Contract
- Non-Compete Agreement
- Sale of Goods Agreement
- Consultancy Agreement
- Letter Requesting Extension or Renewal of a Contract
- Housekeeping Agreement