

Gig economy workforce rockets to more than one in ten of Canadians; a further third are open to joining, reveals new study

With only 5% of gig workers expressing confidence in how to file their taxes – could Canadians face a last-minute tax-scramble?

- *13% of Canadians report being part of the gig economy*
- *3% joined due to shifts in their financial or employment situation from the pandemic*
- *35% are open to joining, representing around 8.9 million Canadians¹*
- *13% of Canadians regularly use gig related services*
- *56% say they have tipped more since onset of COVID-19*
- *38% state that in knowing workers pay tax on tips they would tip more*
- *56% say they would pay more for goods and services if it meant workers received more pay*

Calgary, AB – April 11, 2022 – From AirBnB, Uber, SkipTheDishes, Etsy stores, dog walking, to a multitude of freelance or contract work, more than one in ten (13%) Canadians said they participated in the gig economy workforce in 2021. A survey commissioned by H&R Block found that around 3% (roughly 930,300¹) of Canadians said they took up gig work since the onset of the pandemic due to changes in their employment or financial situation. A further 19% said they have never worked in the gig economy but would if they needed to make ends meet; and 16% said they have never worked in the gig economy, but they have an interest in potentially doing so. Conversely, 53% said they have never worked in the gig economy and have no interest in doing so.

“Being part of the gig workforce looks different to everyone. It could be a means to boost their income, a temporary employment opportunity or the best working option for their lifestyle and their primary or only source of income. No matter their situation, all income must be declared – including cash payments and tips,” said Josée Cabral, Tax Expert at H&R Block Canada. “The good news is that for many gig workers, there are a multitude of deductions and expenses that can be claimed. There’s no one-size fits-all approach, but what’s important is that Canadians have a full understanding of their individual tax situation to enable them to maximize their refund.”

For many gig workers, tipping can be a key component of their income. And with intermittent lockdowns due to COVID-19 restrictions, 56% of Canadians said they have tipped more since the onset of the pandemic.

Many Canadians are not aware that gig workers have to pay tax on tips. In knowing this, 38% said they would be inclined to tip more, and over half of Canadians (56%) said they would be open to paying more for goods and services if it meant workers received a higher rate of pay.

When it comes to the extent that Canadians report using gig-related products and services, the survey revealed that more than 4 million¹ Canadians (13%) said they are a regular customer for gig economy related services, such as Uber, UberEats, delivery services, and purchasing products online through e-commerce portals like eBay, Etsy, etc.

As the gig economy continues to grow, H&R Block points to some of the key tax considerations for all gig workers or self-employed Canadians in the countdown to tax filing season:

Gig workers don't get T4s: From a tax perspective, being a gig worker is similar to being self-employed or an independent contractor – they won't receive a T4 that reports their income for gig work. Rather, self-employed people are required to keep their own records of their income. Most companies that contract gig workers, such as Uber and SkipTheDishes will assist them by providing an annual statement. However, unlike the information on T4 slips, this is not shared with the government. And since there is no income tax withheld from those earnings, there will most likely be income tax to pay when filing a return, so setting those funds aside throughout the year is the best way to manage any money owed.

Cash and tips count: You need to report all income – that means tips and cash payments too – which must be reported on your return using the 'Statement of Business or Professional Activities' (T2125 and TP-80).

Filing gig income can open doors to credits and benefits: You need to file a tax return in order to receive provincial and territorial tax credits and benefits without disruption, such as GST/ HST/ QST and the Canada Child Benefit. Many people are seeing a boost to their return from the Canada Workers Benefit, which is provided to individuals and families who are in the workforce but who have a lower income. Even if income is below the 'basic personal amount' (meaning you won't owe federal taxes on it), you need to report your earned income in order to qualify for the Canada Workers Benefit.

Potential RRSP advantages: Don't forget that more declared income may also mean you can gain tax advantages from creating more room to contribute your Registered Retirement Savings Plan (RRSP)

GST/ HST/ QST considerations: A best practice for gig economy workers is that if your gig earnings exceed \$30,000, you'll need to register for a GST/ HST/ QST number. If you are an Uber driver you will need to register regardless of your income.

Keep track: Keep all records and receipts for at least 6 years. The CRA and Revenu Quebec can request a review anytime during that period.

Understand all deductions and credits you're entitled to: Make sure you have a complete understanding of all the expenses, credits, and deductions you can claim. For example, ride share drivers can claim things like gas and car cleaning related to their work, and Airbnb hosts can claim things like toilet paper, snacks, cleaning, and other things provided to their guests.

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About the survey

The online survey was commissioned by H&R Block and conducted by Angus Reid Forum from February 25-28, 2022, among a nationally representative sample of 1,518 Canadians who are members of the online Angus Reid Forum, balanced and weighted on age, gender, region and education. For comparison purposes only, samples of this size would each yield a margin of



error of +/- 2.5 percentage points, 19 times out of 20. The survey was offered in English and French.

About H&R Block

For more than 55 years, H&R Block Canada is Canada's tax leader, with over 1,100 locations across Canada and free do-it-yourself Tax Software. H&R Block's comprehensive education program, Tax Academy, trains experts and continually updates their skills. Learn more at www.hrblock.ca or 1-800-HRBLOCK.

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ⁱ Current Canadian population 18+: <https://protect-eu.mimecast.com/s/tpMICxVDkfx8x5KT8tO2C?domain=statista.com/>.