

How are self-employed Canadians faring economically during the pandemic?

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A new study looks at the degree of reliance on self-employment income by self-employed individuals with and without additional T4 earnings (wages and salaries for which an individual receives a T4 slip) and how this may affect their ability to deal with the post-COVID-19 financial strain.

The presence of T4 earnings in the total income of self-employed individuals is important for two reasons. First, such earnings may provide a financial cushion for self-employed individuals unable to continue their self-employment activities. Second, self-employed individuals who also have T4 earnings may be eligible for employment insurance (EI) benefits if they lose their wage employment.

The degree of reliance on self-employment income is measured as the median individual share of self-employment income in total annual income. Median shares are computed for each decile of the total income distribution among Canadians aged 15 and older.

The study documents a higher level of financial dependence on self-employment income among self-employed individuals with no T4 earnings. The median share of self-employment income for this category exceeds 75% for men and women in all income deciles. In contrast, the median share of self-employment income for self-employed individuals with T4 earnings is below 25% for men and women in all income deciles, except for men in the second-lowest income decile (32%). It is also notable that the average total incomes of self-employed men and women with T4 earnings are considerably higher than the average total incomes of self-employed men and women without T4 earnings.

The study notes that financial relief in the form of the Canada Emergency Response Benefit and Canada Recovery Benefit will temporarily ease the financial strain imposed by COVID-19 on those who relied entirely (or almost entirely) on self-employment income before the pandemic. However, their ability to continue their business activities after these programs expire will largely depend on how evolving social attitudes towards physical distancing will impact their relationships with their clients. Self-employed individuals who also had T4 earnings before the pandemic are in a better position to qualify for EI regular benefits and may also benefit from the Canada Emergency Wage Subsidy. Their long-run capacity to cope with the financial consequences of COVID-19 will primarily depend on their ability to remain employed or find stable re-employment.

The study "[Self-employed individuals, self-employment income and the post-COVID-19 financial strain](#)" is now available as part of the series *StatCan COVID-19: Data to Insights for a Better Canada* (**45280001**).

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