

PERSONAL TAX • SELF-EMPLOYED

Self-Employed & Gig Worker Tax Guide

For sole proprietors, freelancers, contractors and platform drivers filing in Canada.

WHO THIS GUIDE IS FOR

Anyone earning income outside of employment: sole proprietors, freelancers, consultants, trades, and anyone driving or delivering through Uber, Lyft, DoorDash, SkipTheDishes, Uber Eats, Instacart, Amazon Flex, Fiverr, Upwork or a similar platform. If you received a summary from a platform rather than a T4, this guide applies to you.

The four things that surprise people most

What changes	Why it matters
No tax is withheld for you	Every dollar arrives gross. You are responsible for setting money aside for your tax bill.
You pay both halves of CPP	An employee and their employer each pay a share. Self-employed, you pay both, calculated on your net business income.
Your filing deadline moves, your payment deadline does not	You have until June 15 to file, but any balance owing is still due April 30.
Expenses are only worth claiming if documented	A figure with no invoice behind it cannot be claimed if the CRA reviews your return.

Reporting your income

Self-employment income is reported on Form T2125, Statement of Business or Professional Activities, filed with your personal T1 return. You report gross revenue and then deduct eligible expenses; tax is calculated on the net figure.

WHAT COUNTS AS REVENUE

- ☐ All amounts earned through every platform, before the platform deducts its fees
- ☐ Cash and e-transfer payments from customers
- ☐ Tips, whether paid through the platform or in cash
- ☐ Incentives, bonuses, referral payments and promotions from platforms
- ☐ Work invoiced but not yet paid, if you report on an accrual basis

PLATFORM FEES ARE AN EXPENSE, NOT A REDUCTION IN REVENUE

If a platform bills the customer \$100, keeps \$25 and deposits \$75, your revenue is \$100 and the \$25 is a deductible expense. Reporting only the \$75 deposit understates your gross revenue, which is the figure the CRA cross-checks against the platform's own reporting.

Expenses you can usually claim

Every expense must be incurred to earn business income, and you must keep the supporting document. Where something is used both personally and for business, only the business portion is claimable.

COMMON TO MOST SELF-EMPLOYED WORK

- ☐ Platform commissions, service fees and processing fees
- ☐ Supplies and small tools
- ☐ Advertising, website and software subscriptions
- ☐ Professional fees — accounting, legal, consulting
- ☐ Bank charges and interest on business borrowing
- ☐ Business insurance
- ☐ Subcontractors, with their name, address and business number
- ☐ Training directly related to your existing business
- ☐ Cell phone and internet, business-use portion only

VEHICLE EXPENSES

If you drive for business, keep a log. The claimable portion is business kilometres divided by total kilometres driven in the year. Without a log there is no defensible basis for the claim.

- ☐ Total kilometres driven during the year
- ☐ Business kilometres driven during the year
- ☐ Fuel and charging
- ☐ Insurance
- ☐ Repairs, maintenance and tyres
- ☐ Licence and registration
- ☐ Lease payments, or loan interest and the vehicle cost if purchased
- ☐ Parking and tolls incurred for business
- ☐ Car washes and cleaning, where relevant to the work

Note that vehicle lease and interest deductions, and the capital cost you can claim on a passenger vehicle, are each subject to prescribed limits that change from time to time. We apply the current-year limits.

BUSINESS USE OF HOME

If you work from home, a portion of your household costs may be claimable. You will need the total area of your home and the area used for business.

- ☐ Total square footage of the home, and square footage used for business
- ☐ Rent, or mortgage interest if you own
- ☐ Utilities — heat, hydro, water
- ☐ Home insurance
- ☐ Property tax
- ☐ Maintenance relating to the work space

The home office claim for a business cannot be used to create or increase a business loss. Any unused portion is generally carried forward.

Expenses that are commonly claimed in error

- Personal meals while working alone — not deductible simply because you were on shift

- Business meals and entertainment — deductible, but only at a restricted percentage, and they must be tracked separately
- Clothing — ordinary clothes are not deductible even if worn only for work; protective or uniform items may be
- Traffic fines and parking tickets — never deductible
- Commuting between home and a fixed workplace — not business travel
- The full cost of equipment expected to last years — usually capitalised and depreciated, not expensed at once

GST/HST — when you have to register

You generally must register for GST/HST once your worldwide taxable revenue exceeds the small supplier threshold of \$30,000. That test is measured over four consecutive calendar quarters, or in a single calendar quarter. Below that, registration is optional.

RIIDE-SHARE AND TAXI DRIVERS — DIFFERENT RULE

If you provide taxi or commercial ride-sharing services, you are generally required to register for GST/HST from your first fare, regardless of the \$30,000 small supplier threshold. This catches a great many Uber and Lyft drivers who assume the threshold protects them. If you drive rideshare, speak to us before your first filing season, not after.

Registering voluntarily below the threshold has a trade-off: you must charge and remit GST/HST, but you can also recover the tax you pay on business purchases. Whether that is worth it depends on your customers and your cost base. We can work it out with you.

See our separate HST Registration & Filing Guide for the full picture.

Setting money aside, and instalments

Because nothing is withheld at source, a first year of self-employment often ends with an unexpected balance owing. Two things follow from that.

- Set aside a portion of every payment received. The right percentage depends on your income level and province; we can give you a figure once we have seen a few months of revenue.
- If your balance owing is significant in a year and in either of the two preceding years, the CRA may require you to pay quarterly instalments. Instalment due dates are generally March 15, June 15, September 15 and December 15.
- If you are also employed, you can ask your employer to deduct additional tax from your pay instead of paying instalments.

Records and how long to keep them

The CRA generally requires you to keep your books and supporting documents for six years from the end of the tax year to which they relate. Digital copies are acceptable provided they are legible and complete.

- ☐ Platform annual summaries and monthly statements
- ☐ Invoices you issued, numbered sequentially
- ☐ Receipts and invoices for every expense claimed
- ☐ Bank and credit card statements for the accounts used for business
- ☐ Vehicle log showing business and total kilometres
- ☐ GST/HST returns filed and proof of payment, if registered

- ☐ Asset purchase invoices, kept for as long as you own the asset

Deadlines

Item	Deadline
T1 return including T2125 — self-employed	June 15 following the tax year
Balance owing	April 30 following the tax year
RRSP contributions for the tax year	First 60 days of the following calendar year
Instalments, where required	March 15, June 15, September 15, December 15
GST/HST return — annual filer	Generally three months after the fiscal year end; for a December 31 year end, individuals file by June 15 and pay by April 30

THE JUNE 15 TRAP

Filing by June 15 does not extend your payment date. Interest begins accruing on any unpaid balance from May 1. Many self-employed people file in June, correctly, and are still charged interest for six weeks. If you expect to owe, pay an estimate by April 30 and settle the difference later.

Send us this

- ☐ Completed Tax Information Form from our website
- ☐ Annual summary from each platform you earned through
- ☐ Total gross revenue, including cash and tips
- ☐ Expense totals by category, with receipts available
- ☐ Vehicle log, or business and total kilometres
- ☐ Home office measurements and household cost totals
- ☐ GST/HST number and returns filed, if registered
- ☐ Invoices for any equipment purchased during the year
- ☐ Last year's return and Notice of Assessment, if we did not prepare it

Questions

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IMPORTANT — PLEASE READ

This checklist is general guidance prepared by PPND Taxation & Financial Services Inc. for the convenience of our clients. It is not tax, legal, or accounting advice for your particular situation, and it is not a complete statement of the law. Filing deadlines, rates, thresholds, and reporting requirements change; always confirm the current-year position with us before

acting. Deduction limits, instalment rules and the treatment of specific expenses depend on your circumstances. If your circumstances are unusual or you are unsure whether something applies to you, contact us before filing.