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Davenport



January 27, 2021

The Honourable Chrystia Freeland  
Deputy Prime Minister and Minister of Finance

CC:

The Honourable Diane Lebouthillier, Minister of National Revenue  
The Honourable Steven Guilbeault, Minister of Canadian Heritage

**Via email**

Dear Deputy Prime Minister and Finance Minister Freeland,

A group of artists and gig economy workers in my riding recently approached me to address what they see as a gap in our emergency support for self-employed workers. **They explained several ways that the Canada Recovery Benefit (CRB) currently fails to support them as self-employed artists and/or gig economy workers, and suggested adjustments that would make the CRB more accessible.**

I hope that our government can continue to adapt and adjust our emergency supports, considering the following suggestions:

**1. Lower the weekly income reduction threshold from 50% to 40% or even 30%**

For a number of valid reasons, in 2019 some of the artists in my riding earned well below their average yearly income. As a result, their weekly average for 2019—and 50% of that average—are very low, and almost any income in a week is enough to disqualify them from CRB. For example:

- Artists' incomes vary year-to-year, as projects come in at unpredictable times, and the income from one project often sustains people through multiple years. Consider a writer



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who publishes a book and/or receives a grant in one year, and does not for the next two or three—or a musician who goes on tour one year and spends the next year training

- The unpredictable nature of gig work means that some years workers have unusually low income

## 2. Consider gross income instead of net for CRB

Artists and gig workers would like to see CRB consider **gross income** instead of **net self-employment income**. They normally deduct a lot of expenses from their income on their taxes. This money is spent on instruments, training, maintenance, etc. Many of these expenses (e.g. instrument insurance, website hosting etc.) are ongoing even though work opportunities have almost completely dried up.

As an example, one musician in my riding grossed \$18,000 in 2019, but expenses bring his income to around \$8,000. In some cases, expenses bring net income below the \$5,000 threshold to qualify for emergency benefits, but even when they do not, an \$8,000 income becomes around \$300 bi-weekly average. That means if the artist now makes more than \$150 in a two-week period, they cannot qualify for \$900 in emergency support.

## 3. Eliminate 50% threshold altogether, considering the claw-back above \$38,000

Several artists also pointed out to me that the CRB already has a claw-back on earnings over \$38,000, which prevents people from taking unfair advantage of the benefit. Even if the 50% work loss threshold were eliminated, artists and gig-workers would still begin to pay back their CRB benefits in cases where they wind up earning more than \$38,000. Many would be happy for the claw-back to be triggered even lower than \$38,000, if it meant they could qualify for CRB in the first place.

## 4. Consider longer pay periods for CRB

Another measure that would help is for the CRB to consider longer periods—for example, four weeks instead of two.

Because artists' incomes are unpredictable, they might have a relatively small payment in one week that puts them over the 50% threshold, and almost no income for the rest of the month. In this situation they would only get CRB for two weeks, but if it considered four-week periods instead, they would receive more support.



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## 5. Consider grants as income for artists

Another issue that has been raised by artists for years, which I have also raised with multiple Ministers, is that the CRA usually considers grants like those from the Canada Council for the Arts as bursaries or scholarships instead of income. A grant is income for an artist: they earn it as a result of a worthy artistic endeavour, and they live on it.

Grants being discounted from income impacts artists' ability to access the CRB. This might make their average weekly earnings dramatically lower than they ought to be, leading to problems with the 50% requirement outlined above, or even disqualifying them by putting their income below \$5,000.

For years, the fact that grants aren't considered income on taxes has confused artists and resulted in them being audited at much higher rates than other workers. In early 2019, I organized a meeting in Ottawa to address this issue, including Anne Ellefsen-Gauthier, the Director of Policy for the Minister of National Revenue; Geoff Trueman, the Assistant Commissioner of Legislative Policy and Regulatory Affairs Branch for the CRA; Rebeca Caldwell, Senior Advisor for the Minister of Finance; J  r  my Gauthier, Policy Advisor for the Minister of Heritage; Elizabeth Mackinnon, Director of the Canada Council for the Arts; Kate Cornell from Dance Canada; John Degen from the Writer's Union of Canada; and other stakeholders. But the issue is still unresolved.

## 6. Consider extending the CRB

Every Canadian who wants a vaccine will have one by the end of September, which is an extraordinary achievement for our government. However, the second wave is proving stronger than we anticipated and it is taking longer to enter a period of economic recovery than we hoped.

This is especially true in the arts. Many artistic activities—festivals, performances, and events like weddings—will not resume at all until the summer or fall. With CRB set to run out at the end of March, for those who have relied on it since September 2020, we may need to consider extending the period past 26 weeks—at least for the most badly affected sectors like arts and culture, hospitality, and tourism.

## 7. Allow artists to consider average periods for taxes

Finally, artists have suggested to me that they should be allowed to have their incomes averaged over multiple years on their taxes. For reasons outlined above, many artists have one



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big year of income followed by several low-income years. For both emergency benefits, and income taxes in general, it would be fairer to them to average income over multiple years.

To conclude, I encourage our federal government to continue to fill the gaps of support for our workers as we move through this pandemic towards restarting our economy.

Thank you in advance for considering these points, and for your hard work supporting Canadian workers and businesses through this pandemic.

My deepest gratitude and best regards,



Julie Dzerowicz  
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