

# Blue Skies Tax Service

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## Employment Insurance Measures for Self-Employed People

Service Canada has posted a FAQ on the topic of the new EI program for self-employed people. I have read it over, and here are the highlights.

**The program is voluntary.** Each self-employed person, whether a proprietor or the owner of a corporation, chooses if he or she will participate in the program.

**The program extends EI Special Benefits to the self-employed.** Special Benefits are Maternity Benefits (15 weeks), Parental Benefits (35 weeks), Sickness Benefits (15 weeks), and Compassionate Care Benefits (6 weeks). EI regular benefits are benefits available to employees when they lose their jobs through no fault of their own and are available for and able to work, but cannot find a job. Self-employed people **cannot** access EI regular benefits based on their self-employment.

**The self-employed person must participate in the program for 12 full months before being eligible to apply for benefits.** Premiums are paid annually on the income tax return. The benefit amount is 55% of the average weekly earnings of the previous year, calculated by dividing the net self-employment income reported on the tax return by 52.

**2010 EI premiums are \$1.73 per \$100 earned.** The annual maximum for 2010 is \$747.36. The self-employed person pays only the employee portion. The employer portion is not paid.

**All money earned while receiving EI special benefits must be declared.** Earnings will be deducted from the weekly benefits according to the usual rules. If your business generates income while you are receiving benefits, that income must be declared.

**Once opting in to the program, the self-employed person may opt out anytime provided he or she has never made a claim.** Once any benefits have been received, the self-employed person may not opt out. They **must** continue paying EI premiums for as long as they are self-employed. This includes self-employment in a different business. The CRA also imposes a December 31 cut-off date for opting out. This means that if you change your mind at any time in the tax year, you must pay EI premiums for the entire calendar year, and EI coverage remains in place until the cut-off date.

To read the complete FAQ, visit:

[www.servicecanada.gc.ca/eng/sc/ei/faq\\_self\\_employed\\_workers.shtml](http://www.servicecanada.gc.ca/eng/sc/ei/faq_self_employed_workers.shtml)