



## Employment Insurance Special Benefits for Self-Employed People



Service  
Canada 

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# Employment Insurance Special Benefits for Self-Employed People

Until recently, only employees—those who work for others—who qualified for benefits through the Employment Insurance (EI) program could receive financial support when they got sick, gave birth, adopted a child, cared for a newborn or newly adopted child, or took care of a family member who was seriously ill.

Under the *Employment Insurance Act*, as amended by the *Fairness for the Self-Employed Act*, self-employed Canadians and permanent residents—those who work for themselves—will be able to apply for EI special benefits if they are registered for access to the EI program.

This booklet outlines what EI special benefits are available, who can register for them, how they are calculated, and how long they can be paid.

EI special benefits are part of the EI program, which is administered by the Government of Canada.

## What are EI special benefits?

There are four types of EI special benefits:

- **Maternity benefits** are for mothers who give birth. These benefits cover the period surrounding the child's birth (up to 15 weeks).
- **Parental benefits** are for any parent (mother or father) to care for their newborn or newly adopted child or children. Either parent can receive benefits, or they can share benefits between them (up to 35 weeks).
- **Sickness benefits** are for people who cannot work due to injury, illness, or the need to be isolated in quarantine because they may be carrying a disease (up to 15 weeks).
- **Compassionate care benefits** are for people who must be away from work temporarily to provide care or support to a family member who is seriously ill with a significant risk of death (up to six weeks). The six weeks of benefits can be shared between different family members who applied and are eligible to receive them.

## Note

If you are a self-employed resident of Quebec, you are already covered for maternity, paternity, and parental benefits under the Quebec Parental Insurance Plan (QPIP). If you choose to participate in this new measure, you may be eligible for EI sickness and compassionate care benefits only.

## Who can register?

You can register if you operate your own business, or if you work for a corporation but cannot access EI benefits because you control more than 40% of the corporation's voting shares. You must also be either a Canadian citizen or a permanent resident of Canada.

However, some individuals who work independently and are not hired as employees cannot register for these EI special benefits for self-employed people because they are already eligible to receive benefits through the regular EI program. These individuals include:

- barbers, hairdressers, taxi drivers, and drivers of other passenger vehicles who are not hired as employees but whose employment is insurable under the EI Regulations; and
- fishers who are included as insured persons under the EI Fishing Regulations.

## Once I register, how long do I have to wait before I can apply for EI special benefits?

If you registered on or before April 1, 2010, you will be able to apply for EI special benefits as early as January 1, 2011.

In all other cases, you will have to wait 12 months after the day you register before you will be able to apply for EI special benefits. For example, if you entered into an agreement on November 15, 2010, you will be able to apply for EI special benefits as early as November 15, 2011.

## What are the conditions I have to meet to qualify for EI special benefits?

You must meet the following conditions to qualify for EI special benefits:

- your registration in the EI Program for Self-Employed People must still be valid (that is, not terminated); and
- you must have experienced an interruption of earnings because of:
  - the birth of a child;
  - the need to care for your newborn or newly adopted child or children;
  - illness, injury, or quarantine; or
  - the need to provide care or support to a gravely ill family member; and
- you must have earned a minimum specified amount of self-employment earnings during the calendar year before the year you submit an EI claim (for claims filed in 2011, the minimum amount of 2010 income is \$6,000).

## Will I have to provide any evidence to validate my claim?

Yes. If you are applying for sickness benefits, you have to provide a medical certificate as proof that you are ill, injured, or in quarantine. If you are applying for compassionate care benefits, you have to provide medical proof showing that a gravely ill family member needs your care or support.

If you are applying for maternity or parental benefits, you have to provide the expected date of birth of the child and the actual birth date once it has occurred, or the official placement date in the case of adoption.

## How much money will I receive?

If you are eligible for EI special benefits, you can expect to receive 55% of your average weekly earnings up to a defined annual limit. In 2011, you can receive up to \$468 per week, based on the maximum insurable earnings of \$44,200 for that year.

The amount of your benefits may decrease if you continue to work or if your business generates earnings while you are collecting EI special benefits.

## How much money will I pay?

As with any insurance program, you will need to pay premiums. In 2011, for every \$100 you earn, you will need to contribute \$1.78 in EI premiums up to a defined maximum—the same amount that employees pay. This means the most you will pay in EI premiums for 2011 is \$786.76.

Since Quebec has its own parental insurance program that offers maternity, paternity, and parental benefits, the Government of Canada has adjusted the premiums accordingly for that province. In 2011, self-employed people in Quebec who register for the EI program will pay \$1.41 for every \$100 of earnings, up to a total of \$623.22 for the year.

EI premiums are calculated based on your income tax return. For example, if you sign up for the program in 2011, your premiums will be based on your 2011 tax return.

## What if I am both self-employed and an employee?

The choice is yours: you can choose to apply for EI special benefits either as a self-employed person or as an employee.

If you choose to apply as a self-employed person, we will take into account your earnings from both self-employment and employment as an employee when we calculate your weekly benefit amount, as long as your earnings from both sources are eligible. A Record of Employment will be required from your employer to show details of your eligible employment earnings.

If you choose to apply as an employee, we will use only the earnings from your employment as an employee (including fishing earnings) to calculate your weekly benefit amount. We will not use any of your self-employment earnings. A Record of Employment will be required from your employer to show details of your eligible employment earnings.



## How do I register?

If you choose to register, you must do the following:

- Visit **[www.servicecanada.gc.ca/msca](http://www.servicecanada.gc.ca/msca)** and sign up for My Service Canada Account. This service is accessible online from home, at any Service Canada Centre using one of the many Internet kiosks available, or at a public Internet access site in your community, such as a public library. After you register, we will mail you a personal access code within 10 days.

Once you have your personal access code, use it to log back into My Service Canada Account and register for EI special benefits for self-employed people.

- If you have already signed up for My Service Canada Account, simply log in and register for EI special benefits for self-employed people.

## What if I change my mind about taking part in this EI program?

By taking part in this EI program, you are registering with the Canada Employment Insurance Commission and agreeing to pay premiums on your self-employment income. If you change your mind, you have 60 days to cancel your registration. If you choose to cancel your registration within those first 60 days, you will not have to pay any premiums.

After the 60-day period, you can terminate your registration at any time—as long as you have never claimed any benefits. This termination will be effective at the end of the calendar year, so you will have to pay EI premiums for the entire calendar year.

Once you have claimed EI benefits, your participation in the program lasts indefinitely. You will have to pay premiums for the entire duration of your self-employment career, regardless of any change in the nature of your self-employment.

## When can I receive benefits?

Once you register, you must wait 12 months to make a claim for EI special benefits. For example, if you registered on June 15, 2010, you could apply for EI special benefits on June 15, 2011.

## Need more information?

For more information about EI special benefits for self-employed people:

**Click**    **[servicecanada.gc.ca](https://servicecanada.gc.ca)**

**Call**     **1-800-206-7218**

**TTY: 1-800-529-3742**

**Visit**    **a Service Canada Centre**

Service Canada has produced two videos on EI Special Benefits for Self-Employed People. To watch them, visit our Web site.

# Annex 1

## Examples of the potential benefits and premiums

The examples below are designed to help you decide whether to register in the EI Program for Self-Employed People.

### Self-employed professional consultant

#### Maternity and parental benefits

Maria is a self-employed consultant in Toronto, Ontario. She earns about \$50,000 per year (\$960 per week) in self-employed earnings. (Self-employed earnings are self-employment income minus all losses, calculated according to the *Income Tax Act*.) Maria meets a key eligibility requirement to receive EI special benefits: self-employed people who make a claim in 2011 will need to have earned a minimum of \$6,000 in self-employed earnings in the 2010 calendar year.

Maria is thinking about starting a family and is considering registering for access to EI special benefits for self-employed people.

Once Maria decides to register through My Service Canada Account, she will need to wait 12 months before making a claim.

Once Maria registers for access to EI special benefits, she will need to start paying premiums. For 2011, the EI premium rate is \$1.78 per \$100 of insurable earnings, and the maximum insurable earnings are \$44,200. Although



her actual earnings are higher, Maria will pay EI premiums only up to the \$44,200 earnings threshold. This means that, for 2011, the maximum annual amount she will pay in premiums is \$786.76.

Maria will be responsible for making premium payments through the Canada Revenue Agency, starting in the tax year in which she registers for access to EI special benefits.

If Maria becomes pregnant and qualifies for benefits in 2012, she could be eligible to receive maternity benefits for up to

15 weeks, or a total of about \$7,020 ( $[\$44,200 \div 52 \text{ weeks} \times 55\% = \$468] \times 15 \text{ weeks}$ ). She could also be eligible for parental benefits for up to 35 weeks, or a total of about \$16,380.\*

If Maria continues to earn more than the maximum insurable earnings in 2011, she could receive the maximum weekly benefit (assuming she has no self-employed or other earnings while receiving benefits). For 2011, the maximum weekly benefit is \$468 per week. If Maria has self-employed

or other earnings while receiving benefits, her benefits could be reduced.

If Maria registers for access to EI special benefits but then changes her mind, the regular criteria for cancelling her registration will apply. Please see the “What if I change my mind about taking part in this EI program?” section on page 5.

\* Approximate figure – based on the maximum insurable earnings for 2011.

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## Self-employed fitness consultant in Quebec

### Sickness benefits

Sylvie is a personal fitness trainer in Montréal, Quebec. She makes \$39,500 per year (about \$760 per week) in self-employed earnings. (Self-employed earnings are self-employment income minus all losses, calculated according to the *Income Tax Act*.)

Because her job is physically demanding, Sylvie worries that an injury on the job might prevent her from working for a period of time and that her husband’s salary alone might not be enough for the couple to live on. Sylvie feels the EI premiums are worth the income security and is considering

registering for access to EI special benefits for the self-employed, through My Service Canada Account.

Sylvie meets a key eligibility requirement to receive EI special benefits: self-employed people who make a claim in 2011 will need to have earned a minimum of \$6,000 in self-employed earnings in the 2010 calendar year.

Once Sylvie decides to register through My Service Canada Account, she will need to wait 12 months before making a claim.

Once Sylvie registers, she will have to pay EI premiums. For 2011, the EI premium rate in Quebec is \$1.41 per \$100 of insurable earnings, and the maximum

insurable earnings are \$44,200. Because Sylvie's actual earnings are less than the maximum insurable earnings, she will pay about \$557 annually. If she earned as much as or more than the maximum amount, she would have to pay \$623.22.

Quebec's EI premium rate is lower because maternity, paternity, and parental benefits are provided by the Quebec Parental Insurance Plan, to which Sylvie contributes.

Sylvie will be responsible for making EI premium payments through the Canada Revenue Agency, starting with the tax year in which she registers for access to EI special benefits.

If Sylvie were to injure herself and qualify for benefits, she would receive about \$418 per week ( $\$39,500 \div 52 \text{ weeks} \times 55\%$ ) in sickness benefits for up to 15 weeks, or a total of about \$6,270. However, if Sylvie had self-employed or other earnings while receiving benefits, her benefits could be reduced.

If Sylvie registers for access to EI special benefits but then changes her mind, the regular criteria for cancelling her registration will apply. Please see the "What if I change my mind about taking part in this EI program?" section on page 5.

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## **Self-employed tradesperson who has some regular paid employment income**

### **Sickness benefits**

Terry used to work as an electrician at a large pulp and paper mill in Corner Brook, Newfoundland and Labrador. After she was laid off, Terry started her own company and currently employs two other junior electricians and an apprentice. She earns about \$32,000 a year in self-employed earnings from her company. (Self-employed earnings are her self-employed income minus all losses, calculated according to



the *Income Tax Act*.) However, she also continues to work part time as a labourer at the mill, earning about \$10,000 a year. Her combined income is therefore about \$42,000 per year or \$808 per week.

Terry worries that an injury might prevent her from working for a period of time, so she is considering registering for access to EI special benefits for the self-employed.

If Terry's income from self-employment continues at the same level, she will meet a key eligibility requirement to receive EI special benefits: self-employed people who make a claim in 2011 will need to have earned a minimum of \$6,000 in self-employed earnings in the 2010 calendar year.

Once Terry decides to register through My Service Canada Account, she will need to wait 12 months before making a claim.

If Terry is injured in 2012, she will be able to apply for sickness benefits as a self-employed person. She will be eligible to receive about \$444 per week ( $\$42,000 \div 52 \text{ weeks} \times 55\%$ ) in sickness benefits for up to 15 weeks, or a total of about \$6,660. However, if Terry's business continues to generate earnings or she has other earnings while receiving EI benefits, her benefits could be reduced.

Terry will be responsible for making premium payments through the Canada Revenue Agency, starting with the tax year in which she registers for access to EI special benefits.

For 2011, the maximum insurable earnings amount on which EI premiums is paid is \$44,200, and the EI premium rate is \$1.78 per \$100 of insurable earnings. This means that, in 2011, a self-employed person earning \$44,200 will contribute up to \$786.76 in premiums.

If Terry registers, her premiums on her self-employed earnings will be about \$570 annually. She will also pay about \$178 annually in EI premiums on her insurable earnings at the mill (based on her \$10,000 annual wage). If her combined self-employed earnings and regular insured earnings exceed the maximum insured earnings amount in any given year, she will pay premiums only up to this maximum amount (\$44,200 for 2011).

If Terry registers for access to EI special benefits but then changes her mind, the regular criteria for cancelling her registration will apply. Please see the "What if I change my mind about taking part in this EI program?" section on page 5.

If Terry decides not to register for access to EI special benefits for self-employed people, she may still be eligible to receive benefits as a salaried worker. To receive this benefit, she would have to meet all eligibility requirements, including having

worked 600 hours in the qualifying period. Based on her regular earnings of \$10,000 from the mill (and assuming that she has enough insured hours to qualify for benefits), she could receive about \$106 per week for 15 weeks, or a total of \$1,590.

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## **Salaried worker who has some income from self-employment**

### **Sickness benefits**

Hakim works on the technical support team of a large software company in Waterloo, Ontario, making \$30,000 a year. Three years ago, he started a small company that builds custom computer systems. He finds clients and builds the systems in the evenings and on some weekends. From his business, he earns about \$8,000 a year in self-employed earnings. (Self-employed earnings are self-employment income minus all losses, calculated according to the *Income Tax Act*.)

Hakim considers registering, through My Service Canada Account, for access to EI special benefits under the provisions for self-employed people. This would enable him to insure his earnings from both income streams for the purpose of receiving EI special benefits.

If Hakim's income from self-employment continues at the same level, he will meet a key eligibility requirement to receive EI special benefits as a self-employed person: self-employed people who make a claim in 2011 will need to have earned a minimum of \$6,000 in self-employed earnings in the 2010 calendar year.

Once Hakim decides to register through My Service Canada Account, he will need to wait 12 months before making a claim. If Hakim makes a claim for special benefits as a self-employed person, his benefit level will be based on both his self-employment earnings and his earnings from his employment as an employee, as long as the earnings from both sources are eligible.

If he makes a claim for special benefits as an employee, his benefit level will be based only on his eligible earnings as an employee from the previous 26 weeks, and his eligibility will be based on insured hours worked in the last 52 weeks.



If Hakim becomes sick and applies for special benefits as a self-employed person, he may be eligible to receive about \$402 per week ( $\$38,000 \div 52 \text{ weeks} \times 55\%$ ) in sickness benefits for up to 15 weeks, or a total of about \$6,030. If Hakim has self-employment or other earnings while claiming benefits, his benefits could be reduced. If he applies as an employee, he could receive about \$317 per week ( $\$15,000 \div 26 \text{ weeks} \times 55\%$ ) for up to 15 weeks, or a total of about \$4,755 in sickness benefits. This amount would be

based on his salary of \$30,000 from his employment as an employee, assuming that his weekly earnings are eligible and constant over the year.

If Hakim registers for access to EI special benefits but then changes his mind, the regular criteria for cancelling his registration will apply. Please see the “What if I change my mind about taking part in this EI program?” section on page 5.

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## Self-employed health care worker

### Compassionate care benefits

Joan is a recently graduated massage therapist in Victoria, British Columbia. She makes \$35,000 per year, or about \$673 per week, in self-employed earnings. (Self-employed earnings are income from self-employment minus all losses, calculated according to the *Income Tax Act*.)

Joan has elderly parents and worries that she may have to miss out on work and income to care for them if they become gravely ill. She is considering registering for access to EI special benefits for the



self-employed. These benefits include compassionate care benefits for self-employed people who are



temporarily away from work to provide care or support to a family member who is gravely ill with a significant risk of death.

If Joan qualifies for benefits, she could receive about \$370 per week in compassionate care benefits for up to six weeks ( $\$35,000 \div 52 \text{ weeks} \times 55\%$ ), or a total of about \$2,220. However, if Joan has self-employed or other earnings while receiving benefits, her benefits could be reduced.

Joan is happy with the peace of mind she gains from knowing she could also be eligible for up to 15 weeks of sickness benefits, up to 15 weeks of maternity benefits, and up to 35 weeks of parental benefits.

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## Self-employed agricultural workers

### Maternity and parental benefits

Lise and her husband Paul run a successful small farm in Saskatchewan. The farm provides them with about \$40,000 per year in self-employed earnings. (Self-employed earnings are income from self-employment minus all losses, calculated according to the *Income Tax Act*.)

Lise and Paul are planning to start a family in the next couple of years. As a result, Lise is considering registering for access to EI special benefits for self-employed people.

Lise reports half of the farm's earnings on her tax return, making her self-employed earnings about \$20,000 or approximately \$385 per week.



If she becomes pregnant and qualifies for benefits, she could receive about \$212 per week in maternity benefits for up to 15 weeks ( $\$20,000 \div 52 \text{ weeks} \times 55\%$ ) and parental benefits for up to 35 weeks, or a total of about \$10,600. However, if Lise has self-employed or other earnings while receiving benefits, including any earnings generated by the farm during her leave, her benefits could be reduced. Paul would not be eligible for EI special benefits because he has not registered for access to the program.

### **Compassionate care benefits**

Robert works with his parents on his family's farm in Nova Scotia. His mother also works off the farm as a teacher, and his father does seasonal work off the farm as a snowplough driver. Robert's parents both contribute to the EI program through their off-farm employment.

The family plans for Robert to take full control of the farm when his parents retire in the next couple of years. However, Robert is concerned about the future health of his parents and the demands it may place on his time. As a result, he is considering registering for access to EI special benefits for the self-employed when he takes over the farm. EI special benefits include compassionate care benefits, which would provide Robert with up to six weeks of benefits to care for his parents should they become gravely ill with a significant risk of death.

When Robert takes over the farm, he expects to earn about \$30,000 per year (or \$577 per week) in self-employment income. (Self-employment income is self-employed earnings minus all losses, calculated according to the *Income Tax Act*.) With earnings of \$30,000 a year and if he qualifies for benefits, Robert could receive benefits of about \$317 per week for up to six weeks ( $\$30,000 \div 52 \text{ weeks} \times 55\%$ ), or a total of about \$1,902. However, if Robert has self-employed or other earnings while claiming benefits, including any earnings generated by his farm, his benefits could be reduced.

If Robert registers for access to EI special benefits, he could also be eligible for up to 35 weeks of parental benefits and up to 15 weeks of sickness benefits, which could be helpful should he start a family or be unable to work for a period of time because he is ill or injured.

### **Sickness benefits – own-account farmers**

Peter is a sole proprietor farmer who raises Black Angus beef cattle near Lethbridge, Alberta. He runs the farm by himself and has reported more than \$50,000 in self-employed earnings a year over the past several years. (Self-employed earnings are income from self-employment minus all losses, calculated according to the *Income Tax Act*.)

Peter considers registering for access to EI special benefits for the self-employed, which could provide him with sickness benefits if he becomes sick and unable to work. Peter earns more than the maximum insurable earnings amount, which is \$44,200 or \$850 per week in 2011. Therefore, based on the maximum insurable earnings for 2011, if he qualifies for sickness benefits in 2012, he could receive the maximum weekly benefit rate of \$468\* for up to 15 weeks ( $\$44,200 \div 52 \text{ weeks} \times 55\%$ ). However, if Peter has self-employed or other earnings while receiving benefits, including any earnings generated by the farm during his illness, his benefits could be reduced.

\*Approximate figure

### **Maternity and parental benefits – incorporated farmers**

Suzie and Bill own a poultry farm that is incorporated in New Brunswick. Suzie owns 60% and Bill owns 40%. Suzie has reported earnings of \$30,000 (or \$577 per week) for the past several years.

If Suzie becomes pregnant, she could apply for maternity and parental benefits if she has registered for access to EI special benefits for the self-employed and has been paying EI premiums. If she qualifies for benefits in 2012, she could receive \$317 per week in maternity benefits for up to 15 weeks and parental benefits for up to 35 weeks ( $\$30,000 \div 52 \text{ weeks} \times 55\%$ ), or a total of about \$15,850. However, if Suzie has self-employed or other earnings while receiving benefits, her benefits could be reduced.

## Annex 2

### Examples of the effect of earnings on weekly benefits

Receiving earnings while you receive EI special benefits can affect your weekly benefit amount. How the earnings affect your entitlement to EI special benefits depends on whether they arise from services performed (service contract) or from a transaction (transactional contract).

The following additional examples have been created to describe the possible effect earnings could have on the weekly benefit amount.

**Service contract:** an individual is hired to provide a service to an employer or to perform a specific job or piece of work. With this type of contract, the earnings result from services performed.

**Transactional contract (transaction):** an agreement to sell goods or products to clients/customers. The contract can cover the sale of goods or products now or at a future time. With this type of contract, your earnings result from a transaction.

**Example:** a transaction includes the sale of products such as houses, automobiles, paintings, farm products, and crop sales, such as grains, honey, fruit, vegetables, and flowers.

## Earnings received from services performed

### Self-employed translator

#### Sickness benefits

Marc is a translator who works on contract for private companies. In 2010, his gross income was \$80,000, and his expenses were \$30,000. His net self-employment income was therefore \$50,000 (\$80,000 – \$30,000).

Marc registered with the EI program in May 2010 so he can access EI special benefits if needed.

On August 22, 2011, Marc becomes sick and is unable to keep up with his work. He applies for EI sickness benefits. Based on the information on the medical certificate provided by his doctor, Marc is entitled to 15 weeks of benefits, which is the maximum number of weeks available. His benefit rate is established at \$468 weekly, which is the maximum amount payable in 2011. This amount is based on his 2010 net self-employment income of \$50,000, as calculated under the *Income Tax Act*.

On September 1, 2011, Marc receives the final payment of \$1,200 for his last contract, which he had completed before he became ill. He reports this amount on his biweekly report card. Because the self-employment earnings arose from services performed, they are allocated to the weeks in which Marc performed the services. In this case, the services were provided over a period of eight weeks (from June 27 to August 19, 2011), which means the work was performed before Marc's EI claim began. For this reason, his EI benefit amount is not affected by the \$1,200 payment. If Marc does not have further self-employment or other income, the total EI benefit amount available to him will be \$7,020 (15 x \$468).

## Self-employed campground owners

### Parental benefits

Anne and her son Louis are co-owners of a campground. According to their partnership agreement, the yearly business income is split evenly between them. In 2010, the business' net income was \$80,000; therefore, Louis' net self-employment income was \$40,000 ( $\$80,000 \div 2$ ).

Because Louis and his wife Katrina were planning to have children, he registered for the EI program in March 2010 so he can access EI special benefits if needed.

In April 2011, Katrina gives birth to their first daughter. Louis applies for EI parental benefits on August 14, 2011, after Katrina returns to work. Since Katrina has not made a claim for parental benefits, Louis is entitled to 35 weeks of EI parental benefits, which is the maximum number of weeks available. His benefit rate is established at \$423 weekly, which is based on his 2010 self-employment income of \$40,000, as calculated under the *Income Tax Act* ( $\$40,000 \div 52 \times 55\% = \$423$ ).

During Louis' absence, he and Anne hire a new employee whom they pay \$700 a week. While Louis is no longer working, the business still generates income. In accordance with their partnership

agreement, Louis continues to be entitled to half of the partnership's net income while he is on parental leave and not working for the business.

While receiving EI parental benefits, Louis has to report his share of the partnership's net income on his EI report card.

For example, during the week of August 28 to September 3, the campground's gross income is \$2,200 and its associated operating expenses are \$1,600. Louis' net self-employment earnings from that week are \$300  $[(\$2,200 - \$1,600) \div 2]$ . Since his net earnings arose from services performed, they are allocated to the week in which the services were performed.

Because Louis is receiving parental benefits, he can earn a maximum of 25% of his weekly benefit rate without changing the amount of EI benefits he receives. Since 25% of \$423 is \$106, \$194 ( $\$300 - \$106$ ) of the net self-employment earnings will be deducted from his weekly benefit amount; for that week his EI benefit amount is now \$229 ( $\$423 - \$194$ ). If the partnership keeps operating in this manner while Louis is on EI parental benefits, the EI benefit available to Louis will be approximately \$8,015 ( $35 \times \$229$ ).

## Earnings received from a transaction

### Self-employed farmer

#### Compassionate care benefits

Eric is a self-employed farmer who works year-round on his farm growing barley, wheat, and canola. He also produces calves that he normally sells in the fall. In 2010, his gross farming income was \$225,000 and his expenses were \$205,000. His net farming income was therefore \$20,000 (\$225,000 – \$205,000).

Eric registered with the EI program in April 2010 so he can access EI special benefits if needed.

In September 2011, Eric's mother becomes gravely ill with a significant risk of death. On October 2, 2011, Eric applies for EI compassionate care benefits and, based on the medical certificate he provides, is entitled to six weeks of compassionate care benefits, which is the maximum number of weeks available. His benefit rate is established at \$212 a week. This amount is based on his 2010 net self-employment farming income of \$20,000, as calculated under the *Income Tax Act*.

On October 21, 2011, Eric sells some of his barley for a total of \$20,000. He calculates the expenses related to this transaction, which includes the overhead and direct expenses items, to be \$19,128. He reports \$872 in net farming earnings (\$20,000 – \$19,128) on his EI report card.

Because Eric is receiving these earnings from a transaction and because they are more than \$850 (the 2011 maximum yearly insurable earnings of \$44,200 divided by 52 weeks), they are allocated to the weeks in which the work that gave rise to the transaction was performed.

Eric informs Service Canada that the work was performed from April 3 to September 23, 2011.

All the work related to the transaction was performed before Eric started his EI benefit period. For this reason, his EI benefit amount is not affected by this transaction. If Eric does not have any further self-employment or other earnings, the total EI benefit that will be available to him is \$1,272 (6 x \$212).



## Self-employed real estate agent

### Maternity benefits

Simone is a real estate agent. Her income consists solely of commissions from selling homes.

In 2010, Simone sold 10 homes. Her total commissions for 2010 were \$86,250, and her expenses were \$40,000. Her net self-employment income was therefore \$46,250 (\$86,250 – \$40,000).

Simone registered for the EI program in June 2010 so she can access EI special benefits if needed.

On August 22, 2011, she has her first child and applies for EI maternity benefits. She is entitled to 15 weeks of maternity benefits and 35 weeks of parental benefits, which are the maximum number of weeks available. Her benefit rate is calculated at \$468 a week, which is the maximum EI benefit weekly rate in 2011. This is based on her 2010 net self-employment income of \$46,250, as calculated under the *Income Tax Act*.

On September 24, 2011, a home listed by Simone before she went on leave sells for \$300,000. Her commission from this sale is \$7,500. She calculates the expenses related to the sale to be \$1,000. Simone reports \$6,500 as net self-employment earnings (\$7,500 – \$1,000) on her EI report card.

Since the transaction amount is more than \$850 (the 2011 maximum yearly insurable earnings of \$44,200 divided by 52 weeks), it is allocated to the weeks when the work that gave rise to the transaction was performed.

Simone informs Service Canada that the work was performed over 21 weeks—beginning on Sunday, May 1, 2011, the date the home was listed, and ending with the sale of the home on September 24, 2011. The amount to be allocated to each of the 21 weeks is \$310 (\$6,500 ÷ 21).

Because Simone is claiming maternity benefits, the earnings are deducted dollar for dollar from her benefits for each week of maternity benefits she was entitled to receive during the 21 weeks when the work was performed.



At the time of the sale on September 24, 2011, Simone had served the two-week waiting period and was entitled to receive three weeks of benefits, for a total of \$1,404.

The earnings from the transaction of September 24, 2011, will be allocated at the rate of \$310 for each week since the start of her EI claim (five weeks from August 22 to September 24). Because of the allocation, her entitlement during this five-week period is reduced to nil.

Simone is still entitled to receive 12 weeks of EI maternity benefits and 35 weeks of parental benefits. Assuming that Simone does not have any further self-employment or other earnings during her leave, the total EI benefit that will remain available to her is \$21,996 (12 + 35 x \$468).

## Notes

[illegible]