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# Who experiences persistent low income? A study of various demographic groups from 2016 to 2022

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# Who experiences persistent low income? A study of various demographic groups from 2016 to 2022

by Sharanjit Uppal and Travis Facette

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### Overview of the study

Using data from the 2016 Census of Population linked to the Longitudinal Administrative Databank, this study examines patterns in the persistence of low income over time for a sample of tax filers from 2016 to 2022. It focuses on the characteristics of tax filers who experience low income and examines how those characteristics relate to people's trajectories into and out of low income.

- In 2016, 13% of tax filers in the study sample experienced low income. Non-permanent residents (38%) and people in female lone-parent families (31%) were among the groups that were more likely to be in low income.
- Indigenous tax filers were twice as likely as their non-Indigenous counterparts to experience low income (26% versus 13%). Among Indigenous groups, First Nations tax filers (34%) were the most likely to be in low income.
- Certain groups were more likely to have persistent low income (lasting for more than half of the study period) among tax filers from 2016 to 2022—especially First Nations people (27%), people in female lone-parent families (23%) and those without a high school diploma (21%).
- For tax filer groups more likely to experience persistent low income, having a higher level of education was often protective against low-income persistence. For example, among those without a high school diploma, the gap between Indigenous tax filers and non-Indigenous tax filers was 17 percentage points, but there was no difference between the two groups among those with a university degree.
- Overall, tax filers tended to stay out of low income once they exited. Among those who exited low income in 2017, one in five re-entered in 2018. Certain groups, including people aged 65 and older, Indigenous people, and those without a high school diploma, were likelier to slip back under the low-income threshold after exiting.

## Introduction

Understanding poverty is crucial because of the broad and lasting harm it may cause. Long-term poverty tends to have a cascading impact on a person's life course and across generations: worse health outcomes, difficulty finding employment, more contact with the criminal justice system, and greater dependence on social support and assistance.<sup>1</sup>

Importantly, poverty is not synonymous with low income. It is deprivation not just of resources, but of the means, choices and power needed to maintain basic living standards and participate in society.<sup>2</sup> But low income is an important dimension of poverty, and income data are extensive and readily available.

## Who experiences persistent low income? A study of various demographic groups from 2016 to 2022

To study low income, this article uses the low-income measure, after tax (LIM-AT).<sup>3</sup> The underlying concept of the LIM-AT is that, if a family's after-tax income is less than half the median adjusted family income, the individuals in that family are considered to be in low income (see the [Data sources, methods and definitions](#) section).<sup>4</sup>

In 2016, the proportion of Canadians below the LIM-AT began to decline, and in 2020 it dropped below 10%, at a time when many people received financial support from the government because of economic shutdowns related to the COVID-19 pandemic. However, the proportion of people in low income began to rise in 2021. By 2023, it was back to 12%, which was comparable to the low-income rate in 2019.<sup>5</sup>

In light of these trends, it is important to examine the persistence of low income over time for various population groups, identifying the groups who are more likely to remain in or fall back into low income and who would benefit most from targeted support.

This study examines patterns in the persistence of low income over time for a sample of tax filers from 2016 to 2022. It focuses on the characteristics of those who experience low income and considers how these characteristics relate to people's trajectories into and out of low income. To examine these experiences, the study uses data from the 2016 Census of Population linked to the Longitudinal Administrative Databank (LAD).

### Non-permanent residents were among the groups most likely to have low income in 2016

Overall, 13% of the tax filers in the study experienced low income in 2016, the baseline year (Table 1). Non-permanent residents in this study were especially likely to have low income in 2016, with almost two in five falling under the LIM-AT (38%), as were people in female lone-parent families (31%). Other tax filer groups more likely to have low income in the baseline year included recent immigrants who arrived from 2012 to 2016 (30%), unemployed people (28%), people without a high school diploma (24%)

and members of certain racialized groups. All these groups being more likely to have low income is broadly in line with existing research.<sup>6</sup>

Indigenous tax filers were twice as likely to be in low income as their non-Indigenous counterparts (26% versus 13%, respectively). Among Indigenous tax filers, First Nations people (34%) were the most likely to be in low income, followed by Inuit (25%) and Métis (17%). Existing research has documented a higher prevalence of poverty among the Indigenous population, perpetuated by colonial policies and practices, including barriers to educational and economic opportunities.<sup>7</sup>

**Table 1**  
Proportion of tax filers below the low-income measure, by selected 2016 Census demographic characteristics, study sample

| Selected characteristics                               | Tax filers below the low-income measure<br>percent |
|--|--|
| <b>Total</b>   | <b>13.0</b>  |
| <b>Sex</b>   |  |
| Female (ref.)  | 14.3   |
| Male   | 11.7*  |
| <b>Age group</b>                                       |  |
| Younger than 18 years <sup>1</sup>                     | 19.7*  |
| 18 to 24 years   | 21.8*  |
| 25 to 34 years   | 13.0*  |
| 35 to 44 years (ref.)                                  | 11.1   |
| 45 to 54 years   | 11.1   |
| 55 to 64 years   | 13.2*  |
| 65 to 74 years   | 10.6*  |
| 75 years and older                                     | 11.9*  |
| <b>Highest level of education (18 years and older)</b> |  |
| No certificate, diploma or degree (ref.)               | 24.1   |
| High school diploma or equivalent                      | 15.2*  |
| Postsecondary credential below university degree       | 9.7*   |
| University degree                                      | 7.9*   |
| <b>Labour force status (15 years and older)</b>        |  |
| Employed (ref.)  | 7.3  |
| Unemployed   | 27.5*  |
| Not in the labour force                                | 21.6*  |

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Education was also strongly associated with income, as has been well established in previous studies.<sup>8,9</sup> Tax filers in this study with a university degree were the least likely to have low income in 2016 (8%), while about one in four (24%) of those without a high school diploma had low income.

### Almost 1 in 10 tax filers in the study experienced persistent low income from 2016 to 2022

Historical data from the LAD show that falling under the LIM-AT is a temporary situation for most Canadians who experience it. For example, the average length of time people remained in low income (for seven-year periods studied from 2005 to 2022) was less than two years.<sup>10</sup> These periods of low income may represent part of the life course, such as in the case of younger adults completing education or working in lower-earning, entry-level positions. They may also be the result of temporary shocks and recoveries, like losing one's job. However, previous LAD data have shown that when Canadians are in low income for longer periods, they are less likely to exit low income.<sup>11</sup>

Researchers have taken various approaches to quantifying the persistence of low income. Following an existing Canadian study, "persistent low income" for a given period can be defined as spending more than half of that period under the low-income threshold—in this case, four to

**Table 1**  
Proportion of tax filers below the low-income measure, by selected 2016 Census demographic characteristics, study sample

| Selected characteristics                                     | Tax filers below the low-income measure percent |
|--|---|
| <b>Occupation category (employed)</b>                        |   |
| Management   | 5.6*  |
| Business, finance and administration                         | 4.1*  |
| Natural and applied sciences and related                     | 2.7*  |
| Health   | 3.4*  |
| Education, law and social, community and government services | 5.5*  |
| Art, culture, recreation and sport                           | 11.8*   |
| Sales and service (ref.)                                     | 14.0  |
| Trades, transport and equipment operators and related        | 6.7*  |
| Natural resources, agriculture and related production        | 10.6*   |
| Manufacturing and utilities                                  | 5.5*  |
| <b>Family type</b>   |   |
| Couple with children (ref.)                                  | 10.4  |
| Couple without children                                      | 6.0*  |
| One-parent family  | 29.0*   |
| Male parent  | 20.5*   |
| Female parent  | 31.3*   |
| Unattached   | 22.0*   |
| Younger than 65 years  | 23.5*   |
| 65 years and older   | 18.7*   |
| Other  | 29.2*   |
| <b>Presence of children<sup>2</sup></b>                      |   |
| At least one child aged 0 to 4 years                         | 13.6  |
| At least one child aged younger than 1 year                  | 14.4*   |
| At least one child aged 1 year (ref.)                        | 13.8  |
| <b>Immigrant status</b>                                      |   |
| Not an immigrant (ref.)                                      | 11.1  |
| Immigrant  | 17.4*   |
| Immigrated before 2012                                       | 15.9*   |
| Immigrated from 2012 to 2016                                 | 29.9*   |
| Non-permanent resident                                       | 38.0*   |
| <b>Racialized population</b>                                 |   |
| Racialized   | 21.4*   |
| South Asian  | 19.5*   |
| Chinese  | 23.7*   |
| Black  | 24.3*   |
| Filipino   | 10.1*   |
| Latin American   | 18.8*   |
| Arab   | 31.1*   |
| Southeast Asian  | 20.9*   |
| West Asian   | 33.0*   |
| Korean   | 27.1*   |
| Japanese   | 9.5   |
| Racialized, not included elsewhere                           | 18.9*   |
| Multiple racialized groups                                   | 18.9*   |
| Non-racialized, non-Indigenous (ref.)                        | 10.1  |

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seven years.<sup>12</sup> By this measure, 9% of the tax filers in this study experienced persistent low income from 2016 to 2022 (Table 2).

The characteristics of tax filers in this study who experienced persistent low income are in line with previous findings from LAD data—for example, people in one-parent families headed by a female parent (23%) were more likely to have persistent low income than those in other family types. But the linkage with 2016 Census data allowed LAD data to be broken down into more granular population groups, and this revealed several other groups with higher risks of persistent low income: First Nations tax filers (27%), tax filers without a high school diploma (21%) and tax filers who reported always having limitations in their daily activities (18%).

Some disparities seen in the baseline year remained when looking at low-income persistence. For example, tax filers in racialized groups overall were still roughly twice as likely to have persistent low income (14%) as non-racialized, non-Indigenous tax filers (7%). Furthermore, when looking at specific groups, West Asian (21%) and Arab (20%) tax filers remained the likeliest to experience persistent low income.

By contrast, differences from the baseline year results suggest that some disparities shifted over time—or are better captured when examined with a measure of low-income persistence. For example, when examining immigrant status, recent immigrants were the most

**Table 1**  
Proportion of tax filers below the low-income measure, by selected 2016 Census demographic characteristics, study sample

| Selected characteristics                     | Tax filers below the low-income measure percent |
|--|---|
| <b>Indigenous identity</b>                   |   |
| Indigenous                                   | 26.3*   |
| First Nations                                | 34.1*   |
| Métis  | 16.8*   |
| Inuk (Inuit)                                 | 25.0*   |
| Multiple Indigenous responses                | 19.8*   |
| Indigenous responses, not included elsewhere | 18.3*   |
| Non-Indigenous (ref.)                        | 12.5  |
| <b>Activity limitations</b>                  |   |
| Yes  | 16.9*   |
| Yes, always                                  | 20.6*   |
| Yes, often                                   | 19.5*   |
| Yes, sometimes                               | 13.4*   |
| No (ref.)                                    | 10.8  |
| <b>Province or territory</b>                 |   |
| Newfoundland and Labrador                    | 11.4*   |
| Prince Edward Island                         | 13.2  |
| Nova Scotia                                  | 14.8*   |
| New Brunswick                                | 13.6*   |
| Quebec                                       | 13.6*   |
| Ontario (ref.)                               | 12.9  |
| Manitoba                                     | 14.1*   |
| Saskatchewan                                 | 12.2*   |
| Alberta                                      | 9.6*  |
| British Columbia                             | 14.8*   |
| Yukon  | 8.3*  |
| Northwest Territories                        | 12.1*   |
| Nunavut                                      | 24.4*   |

\* significantly different from reference category (ref.) ( $p < 0.05$ )

1. The majority of individuals (88%) in this group were aged 15 to 17 years.

2. Categories are not mutually exclusive.

Sources: Statistics Canada, Census of Population, 2016; and Longitudinal Administrative Databank, 2016.

likely to experience persistent low income in the study period (17%, compared with 8% for non-immigrants), while the prevalence for non-permanent residents (14%) was closer to that of established immigrants (12%). Considering the contrast with the baseline year, these findings suggest that many non-permanent residents in the study tended to see income gains over

time, although they remained almost twice as likely to have persistent low income as non-immigrants.<sup>13</sup> Meanwhile, tax filers without a high school diploma were three times likelier to have low income in 2016 than those with a university degree, but they were five times likelier to have persistent low income across the study period.

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### Higher levels of education are associated with a reduced risk of low income—especially for financially marginalized population groups

A higher level of education is associated with higher income and hence a lower risk of low income. For many of the groups with the greatest risk of persistent low income, a higher level of education seemed to be protective, with a lower percentage of people in these groups experiencing persistent low income.

This effect was visible when comparing the likelihood of low-income persistence across education levels for various population groups. For example, in the study sample, women were more likely than men to experience persistent low income overall—but the gender gap was much higher among those without a high school diploma (9 percentage points) than among those with a university degree (less than 1 percentage point) (Table 3). Even for people in female lone-parent families, who were among the most likely population groups to have persistent low income, the gap compared with couples with children was significantly lower at higher education levels (24 percentage points without a high school diploma compared with 7 percentage points with a university degree).

The results were similar when looking at activity limitations. Tax filers with limitations in their daily activities were, overall, more

**Table 2**  
Proportion of tax filers with persistent low income from 2016 to 2022, by selected 2016 Census demographic characteristics, study sample

| Selected characteristics                                     | Tax filers with persistent low income from 2016 to 2022<br>percent |
|--|--|
| <b>Total</b>   | <b>8.8</b>   |
| <b>Sex</b>   |  |
| Female (ref.)  | 10.2   |
| Male   | 7.1*   |
| <b>Age group</b>   |  |
| Younger than 18 years <sup>1</sup>                           | 11.4*  |
| 18 to 24 years   | 9.8*   |
| 25 to 34 years   | 7.1*   |
| 35 to 44 years (ref.)  | 6.4  |
| 45 to 54 years   | 7.7*   |
| 55 to 64 years   | 10.3*  |
| 65 to 74 years   | 10.3*  |
| 75 years and older   | 12.8*  |
| <b>Highest level of education (18 years and older)</b>       |  |
| No certificate, diploma or degree (ref.)                     | 21.1   |
| High school diploma or equivalent                            | 10.1*  |
| Postsecondary credential below university degree             | 6.2*   |
| University degree  | 4.1*   |
| <b>Labour force status (15 years and older)</b>              |  |
| Employed (ref.)  | 4.0  |
| Unemployed   | 15.4*  |
| Not in the labour force                                      | 17.5*  |
| <b>Occupation category (employed)</b>                        |  |
| Management   | 3.2*   |
| Business, finance and administration                         | 2.3*   |
| Natural and applied sciences and related                     | 1.4*   |
| Health   | 1.9*   |
| Education, law and social, community and government services | 3.0*   |
| Art, culture, recreation and sport                           | 6.4*   |
| Sales and service (ref.)                                     | 7.6  |
| Trades, transport and equipment operators and related        | 3.7*   |
| Natural resources, agriculture and related production        | 6.4*   |
| Manufacturing and utilities                                  | 3.7*   |
| <b>Family type</b>   |  |
| Couple with children (ref.)                                  | 6.1  |
| Couple without children                                      | 4.0*   |
| One-parent family  | 20.9*  |
| Male parent  | 13.7*  |
| Female parent  | 22.6*  |
| Unattached   | 18.0*  |
| Younger than 65 years  | 16.7*  |
| 65 years and older   | 21.0*  |
| Other  | 22.1*  |
| <b>Presence of children<sup>2</sup></b>                      |  |
| At least one child aged 0 to 4 years                         | 8.1  |
| At least one child aged younger than 1 year                  | 8.3  |
| At least one child aged 1 year (ref.)                        | 8.2  |

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likely to experience persistent low income than those with no activity limitations—but the gap was significantly larger among those who lacked a high school diploma (15 percentage points) than among those with a university degree (4 percentage points).

For Indigenous tax filers, the protective effect of education seemed to be particularly significant. The gap in low-income persistence between Indigenous and non-Indigenous tax filers was largest for those without a high school diploma (17 percentage points), and it fell to 6 percentage points for those with a postsecondary credential below a university degree. Among those with a university degree, though, the gap in low-income persistence between Indigenous and non-Indigenous tax filers was not statistically significant. Among Indigenous groups, the protective effect of education was particularly noticeable for First Nations tax filers. The gap between First Nations and non-Indigenous tax filers without a high school diploma was 26 percentage points, compared with 2 percentage points among their counterparts with a university degree.

This protective effect of education was fairly consistent across groups of tax filers, but it was not universal. For example, among tax filers in trades, transport and equipment operators

**Table 2**  
**Proportion of tax filers with persistent low income from 2016 to 2022, by selected 2016 Census demographic characteristics, study sample**

| Selected characteristics                     | Tax filers with persistent low income from 2016 to 2022<br>percent |
|--|--|
| <b>Immigrant status</b>                      |  |
| Not an immigrant (ref.)                      | 7.5  |
| Immigrant                                    | 12.3*  |
| Immigrated before 2012                       | 11.8*  |
| Immigrated from 2012 to 2016                 | 16.8*  |
| Non-permanent resident                       | 13.6*  |
| <b>Racialized population</b>                 |  |
| Racialized                                   | 13.9*  |
| South Asian                                  | 12.9*  |
| Chinese                                      | 17.0*  |
| Black  | 15.1*  |
| Filipino                                     | 5.6*   |
| Latin American                               | 11.9*  |
| Arab   | 19.8*  |
| Southeast Asian                              | 13.8*  |
| West Asian                                   | 20.5*  |
| Korean                                       | 14.7*  |
| Japanese                                     | 4.9*   |
| Racialized, not included elsewhere           | 13.8*  |
| Multiple racialized groups                   | 11.8*  |
| Non-racialized, non-Indigenous (ref.)        | 6.9  |
| <b>Indigenous identity</b>                   |  |
| Indigenous                                   | 19.7*  |
| First Nations                                | 26.6*  |
| Métis  | 11.7*  |
| Inuk (Inuit)                                 | 19.8*  |
| Multiple Indigenous responses                | 17.6*  |
| Indigenous responses, not included elsewhere | 13.2*  |
| Non-Indigenous (ref.)                        | 8.4  |
| <b>Activity limitations</b>                  |  |
| Yes  | 13.3*  |
| Yes, always                                  | 17.5*  |
| Yes, often                                   | 15.5*  |
| Yes, sometimes                               | 9.8*   |
| No (ref.)                                    | 6.5  |

\* significantly different from reference category (ref.) ( $p < 0.05$ )

1. The majority of individuals (87%) in this group were aged 15 to 17 years.

2. Categories are not mutually exclusive.

**Note:** The study sample includes only individuals with data available for all seven years.

**Sources:** Statistics Canada, Census of Population, 2016; and Longitudinal Administrative Databank, 2016 to 2022.

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and related occupations, people with a postsecondary credential below university degree were minimally advantaged compared to

those with a high school diploma or equivalent (Chart 1). In fact, tax filers in this occupation category were equally likely to have persistent

low income whether they held a university degree or did not have a high school diploma.

**Table 3**  
**Proportion of tax filers with persistent low income from 2016 to 2022, by highest level of education and selected 2016 Census demographic characteristics, study sample**

| Selected characteristics              | Highest level of education        |                                   |  |                   |
|---------------------------------------|-----------------------------------|-----------------------------------|--|-------------------|
|                                       | No certificate, diploma or degree | High school diploma or equivalent | Postsecondary credential below university degree | University degree |
|                                       | percent                           |                                   |  |                   |
| <b>Sex</b>                            |                                   |                                   |  |                   |
| Female (ref.)                         | 25.6                              | 11.6                              | 7.5  | 4.2               |
| Male                                  | 16.2*                             | 8.3*                              | 4.8*   | 4.0*              |
| <b>Family type</b>                    |                                   |                                   |  |                   |
| Couple with children (ref.)           | 17.6                              | 7.4                               | 3.8  | 3.5               |
| Couple without children               | 9.0*                              | 4.5*                              | 2.8*   | 2.3*              |
| One-parent family with male parent    | 27.3*                             | 14.8*                             | 9.1*   | 6.2*              |
| One-parent family with female parent  | 41.5*                             | 24.5*                             | 16.5*  | 10.6*             |
| Unattached                            | 36.7*                             | 19.8*                             | 14.7*  | 7.6*              |
| Other                                 | 45.4*                             | 24.0*                             | 16.3*  | 9.9*              |
| <b>Immigrant status</b>               |                                   |                                   |  |                   |
| Not an immigrant (ref.)               | 19.9                              | 8.6                               | 5.3  | 2.2               |
| Immigrant                             | 24.1*                             | 15.1*                             | 9.6*   | 7.6*              |
| <b>Racialized population</b>          |                                   |                                   |  |                   |
| Racialized                            | 32.3*                             | 16.8*                             | 10.9*  | 7.8*              |
| Non-racialized, non-Indigenous (ref.) | 16.9                              | 7.9                               | 5.1  | 2.5               |
| <b>Indigenous identity</b>            |                                   |                                   |  |                   |
| Indigenous                            | 37.2*                             | 19.7*                             | 12.3*  | 4.5               |
| First Nations                         | 45.5*                             | 25.9*                             | 16.9*  | 6.3*              |
| Métis                                 | 24.1*                             | 13.2*                             | 7.6*   | F                 |
| Inuk (Inuit)                          | 27.1*                             | 18.1*                             | 12.2*  | F                 |
| Non-Indigenous (ref.)                 | 20.0                              | 9.7                               | 6.0  | 4.1               |
| <b>Activity limitations</b>           |                                   |                                   |  |                   |
| Yes, always                           | 31.8*                             | 18.7*                             | 12.9*  | 7.4*              |
| Yes, often                            | 28.3*                             | 16.6*                             | 11.3*  | 7.3*              |
| Yes, sometimes                        | 20.9*                             | 11.0*                             | 6.8*   | 4.8*              |
| No (ref.)                             | 16.4                              | 7.8                               | 4.5  | 3.5               |

F too unreliable to be published

\* significantly different from reference category (ref.) ( $p < 0.05$ )

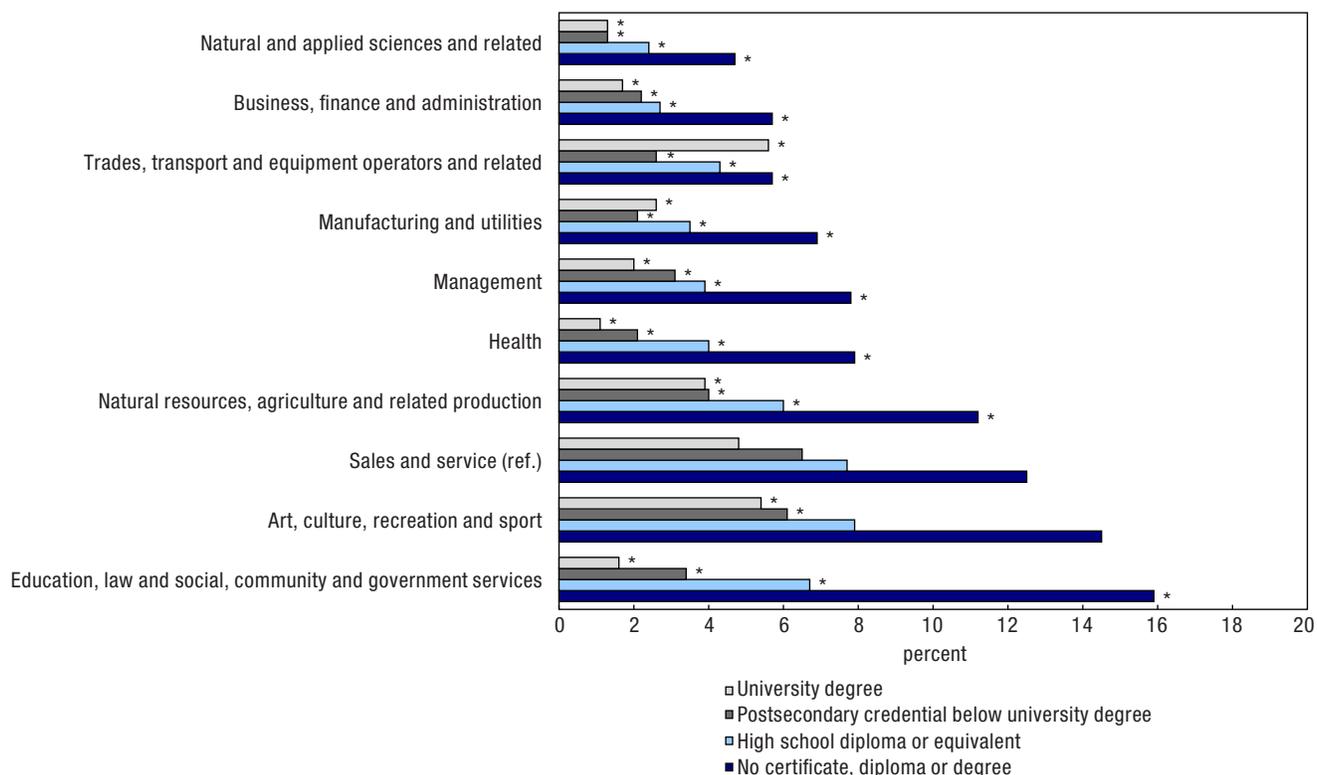
**Note:** The study sample includes only individuals for whom data were available for all seven years.

**Sources:** Statistics Canada, Census of Population, 2016; and Longitudinal Administrative Databank, 2016 to 2022.

## Who experiences persistent low income? A study of various demographic groups from 2016 to 2022

**Chart 1**

**Proportion of tax filers with persistent low income from 2016 to 2022, by highest level of education and occupation category in 2016, study sample**



\* significantly different from reference category (ref.) ( $p < 0.05$ )

**Note:** The study sample includes only individuals with data available for all seven years.

**Sources:** Statistics Canada, Census of Population, 2016; and Longitudinal Administrative Databank, 2016 to 2022.

### Among tax filers who exited low income in 2017, one in five re-entered in 2018

To examine transitions between low-income entries and exits (at the margins of the LIM-AT), the analysis below focused on tax filers who began the study period in

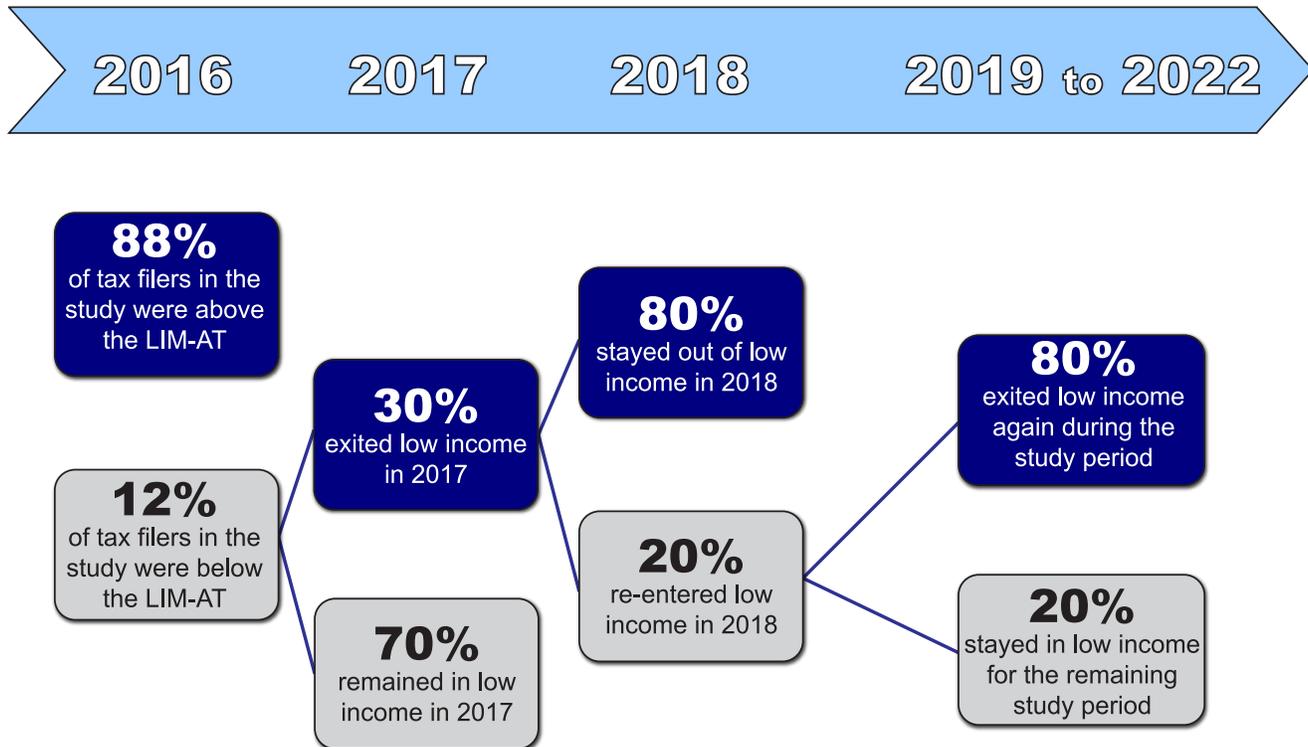
2016 with low income, the way they moved across the low-income threshold one or more times, and the characteristics associated with those trajectories.

Overall, 70% of tax filers in the study who started in low income in 2016 stayed in low income in 2017 (Figure 1). Those who exited low

income in 2017, though, were likely to remain out of low income for at least a year—80% remained above the LIM-AT. Finally, among tax filers who exited low income in 2017 and re-entered in 2018, most (80%) exited low income again for at least one year at some point during the remainder of the study period.

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**Figure 1**  
Proportion of tax filers exiting and re-entering low income in selected years, study sample, 2016 to 2022



**Notes:** LIM-AT stands for low-income measure, after tax. The study sample includes only individuals with data available for all seven years.  
**Sources:** Statistics Canada, Census of Population, 2016; and Longitudinal Administrative Databank, 2016 to 2022.

In terms of the characteristics of the tax filers who re-entered low income, several followed the same trends observed for persistent low income. For example, compared with their respective reference groups, tax filers who did not hold a high school diploma, who always had limitations on their daily activities or who identified as Indigenous were

less likely to exit low income in 2017, and if they did, they were more likely to re-enter in 2018 (Table 4).

By contrast, non-permanent residents continued their trend away from persistent low income. They were significantly more likely to exit low income in 2017 than any other immigration group (41%, compared

with 30% for non-immigrants) and were among the least likely groups to re-enter low income in 2018.

However, these patterns diverged from previous results for other characteristics. For example, although tax filers in racialized groups were twice as likely to experience persistent low income

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compared with non-racialized, non-Indigenous tax filers, there was little difference between movements into and out of the LIM-AT for those two groups in 2017 and 2018. Among specific racialized groups, Chinese tax filers were the least likely to

exit low income in 2017 and, among those who did exit, were most likely to re-enter low income in 2018; meanwhile, Filipino tax filers stood out as being more likely to exit low income in 2017 (40%, compared

with 31% for non-racialized, non-Indigenous tax filers) and, once they exited, were less likely to re-enter low income in 2018 (15%, compared with 19%, respectively).

**Table 4**  
Proportion of tax filers exiting low income in 2017 then re-entering in 2018, by selected 2016 Census demographic characteristics, study sample

| Selected characteristics                                     | Proportion of tax filers                                 |   |
|--|--|---|
|  | Were in low income in 2016 and exited low income in 2017 | Exited low income in 2017 and re-entered low income in 2018 |
|  | percent  |   |
| <b>Total</b>   | <b>29.9</b>  | <b>20.3</b>   |
| <b>Sex</b>   |  |   |
| Female (ref.)  | 28.5   | 21.4  |
| Male   | 32.0*  | 18.9*   |
| <b>Age group</b>   |  |   |
| Younger than 18 years <sup>1</sup>                           | 29.2*  | 17.2*   |
| 18 to 24 years   | 35.8*  | 16.2*   |
| 25 to 34 years   | 38.0*  | 16.8*   |
| 35 to 44 years (ref.)  | 33.7   | 19.6  |
| 45 to 54 years   | 27.2*  | 20.4  |
| 55 to 64 years   | 24.2*  | 23.9*   |
| 65 to 74 years   | 24.2*  | 31.0*   |
| 75 years and older   | 16.4*  | 30.8*   |
| <b>Highest level of education (18 years and older)</b>       |  |   |
| No certificate, diploma or degree (ref.)                     | 20.9   | 28.2  |
| High school diploma or equivalent                            | 29.9*  | 20.4*   |
| Postsecondary credential below university degree             | 34.0*  | 19.3*   |
| University degree  | 38.4*  | 15.1*   |
| <b>Labour force status (15 years and older)</b>              |  |   |
| Employed (ref.)  | 40.4   | 17.7  |
| Unemployed   | 34.5*  | 17.0  |
| Not in the labour force                                      | 22.3*  | 24.3*   |
| <b>Occupation category (employed)</b>                        |  |   |
| Management   | 41.6*  | 19.3  |
| Business, finance and administration                         | 45.5*  | 15.4*   |
| Natural and applied sciences and related                     | 46.8*  | 13.9*   |
| Health   | 48.3*  | 16.6  |
| Education, law and social, community and government services | 40.3*  | 17.1  |
| Art, culture, recreation and sport                           | 35.2*  | 19.1  |
| Sales and service (ref.)                                     | 38.3   | 18.2  |
| Trades, transport and equipment operators and related        | 42.1*  | 18.7  |
| Natural resources, agriculture and related production        | 37.8   | 20.7  |
| Manufacturing and utilities                                  | 41.4*  | 14.4*   |
| <b>Family type</b>   |  |   |
| Couple with children (ref.)                                  | 35.6   | 18.8  |
| Couple without children                                      | 36.4*  | 17.7  |
| One-parent family  | 26.2*  | 23.7*   |
| Male parent  | 30.7*  | 22.4*   |
| Female parent  | 25.5*  | 23.9*   |
| Unattached   | 22.0*  | 22.7*   |
| Younger than 65 years  | 23.8*  | 19.6*   |
| 65 years and older   | 16.9*  | 34.8*   |
| Other  | 23.9*  | 21.7*   |

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**Table 4**  
**Proportion of tax filers exiting low income in 2017 then re-entering in 2018, by selected 2016 Census demographic characteristics, study sample**

| Selected characteristics                     | Proportion of tax filers                                 |   |
|--|--|---|
|  | Were in low income in 2016 and exited low income in 2017 | Exited low income in 2017 and re-entered low income in 2018 |
|  | percent  |   |
| <b>Presence of children<sup>2</sup></b>      |  |   |
| At least one child aged 0 to 4 years         | 36.4   | 20.5  |
| At least one child aged younger than 1 year  | 36.5   | 18.1  |
| At least one child aged 1 year (ref.)        | 36.0   | 21.6  |
| <b>Immigrant status</b>                      |  |   |
| Not an immigrant (ref.)                      | 29.8   | 19.8  |
| Immigrant                                    | 29.3   | 21.8*   |
| Immigrated before 2012                       | 28.5*  | 23.6*   |
| Immigrated from 2012 to 2016                 | 32.6*  | 15.4*   |
| Non-permanent resident                       | 41.1*  | 15.4*   |
| <b>Racialized population</b>                 |  |   |
| Racialized                                   | 30.0   | 21.0*   |
| South Asian                                  | 31.8*  | 21.2*   |
| Chinese                                      | 26.4*  | 24.5*   |
| Black  | 29.2*  | 20.4  |
| Filipino                                     | 39.8*  | 15.4*   |
| Latin American                               | 33.1*  | 19.2  |
| Arab   | 28.0*  | 18.9  |
| Southeast Asian                              | 30.6   | 20.2  |
| West Asian                                   | 27.4*  | 22.1*   |
| Korean                                       | 34.8*  | 18.7  |
| Japanese                                     | 33.0   | F   |
| Racialized, not included elsewhere           | 30.6   | F   |
| Multiple racialized groups                   | 32.1   | F   |
| Non-racialized, non-Indigenous (ref.)        | 30.5   | 19.1  |
| <b>Indigenous identity</b>                   |  |   |
| Indigenous                                   | 23.9*  | 29.6*   |
| First Nations                                | 21.8*  | 32.4*   |
| Métis  | 27.4*  | 24.1*   |
| Inuk (Inuit)                                 | F  | F   |
| Multiple Indigenous responses                | F  | F   |
| Indigenous responses, not included elsewhere | F  | F   |
| Non-Indigenous (ref.)                        | 30.3   | 19.8  |
| <b>Activity limitations</b>                  |  |   |
| Yes  | 24.4*  | 23.8*   |
| Yes, always                                  | 20.9*  | 26.1*   |
| Yes, often                                   | 24.3*  | 25.6*   |
| Yes, sometimes                               | 28.3*  | 21.4*   |
| No (ref.)                                    | 34.3   | 18.4  |

\* significantly different from reference category (ref.) (p < 0.05)

F too unreliable to be published

1. The majority of individuals in this group were aged 15 to 17 years.

2. Categories are not mutually exclusive.

**Note:** The study sample includes only individuals with data available for all seven years.

**Sources:** Statistics Canada, Census of Population, 2016; and Longitudinal Administrative Databank, 2016 to 2022.

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### Indigenous people in female lone-parent families more likely to have persistent low income

Since Indigenous tax filers and people in female lone-parent families were both more likely to have persistent low income (20% and 23%, respectively), it is important to examine how these characteristics intersect to identify especially vulnerable population groups.

**Table 5**  
**Proportion of Indigenous tax filers exiting low income in 2017 then re-entering in 2018, by 2016 family type, study sample**

| Family type                          | Percentage of tax filers in low income in 2016 | Percentage of tax filers in low income in 2016 who exited low income in 2017 | Percentage of tax filers who exited low income in 2017 and re-entered low income in 2018 |
|--------------------------------------|--|--|--|
|                                      | percent  |  |  |
| One parent family with female parent | 47.6*  | 22.4*  | 33.7*  |
| All other families (ref.)            | 22.7   | 24.4   | 28.1   |

\* significantly different from reference category (ref.) (p < 0.05)

**Note:** The study sample includes only individuals with data available for all seven years.

**Sources:** Statistics Canada, Census of Population, 2016, and Longitudinal Administrative Databank, 2016 to 2022.

Among Indigenous tax filers, 39% of people in female lone-parent families experienced persistent low income from 2016 to 2022, compared with 17% of all other Indigenous families. Comparing trajectories over time, Indigenous people in female lone-parent families were more than twice as likely to have low income in 2016 (48%) as those in all other Indigenous families (23%). They were also slightly less likely (2 percentage points) to exit low income in 2017, and more likely (6 percentage points) to re-enter low income in 2018.

**Table 6**  
**Proportion of Indigenous tax filers with persistent low income from 2016 to 2022, by 2016 highest level of education and family type, study sample**

| Family type                          | Highest level of education |                                   |                                   |  |                   |
|--------------------------------------|----------------------------|-----------------------------------|-----------------------------------|--|-------------------|
|                                      | All                        | No certificate, diploma or degree | High school diploma or equivalent | Postsecondary credential below university degree | University degree |
| percent                              |                            |                                   |                                   |  |                   |
| One parent family with female parent | <b>39.4 *</b>              | 58.8*                             | 41.2*                             | 27.2*  | 11.4*             |
| All other families (ref.)            | <b>16.5</b>                | 33.0                              | 15.9                              | 10.3   | 3.8               |

\* significantly different from reference category (ref.) (p < 0.05)

**Note:** The study sample includes only individuals with data available for all seven years.

**Sources:** Statistics Canada, Census of Population, 2016, and Longitudinal Administrative Databank, 2016 to 2022.

Education was found to be a protective factor for this group as well. Among Indigenous tax filers without a high school diploma, 59% of people in female lone-parent families had persistent low income during the study period—26 percentage points higher than the proportion for all other Indigenous family types. Among Indigenous tax filers with a university degree, though, the gap between these family types narrowed to 7 percentage points (11% compared with 4%, respectively).

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### Conclusion

This study found that certain groups of tax filers were more likely to have low income, especially persistent low income—most notably Indigenous people, people in female lone-parent families and people who did not have a high school diploma. Though recent immigrants and members of certain racialized groups were also more likely to have persistent low income, they seemed to be more likely to exit low income over the study period.

For the people in many of these groups who were more vulnerable to persistent low income, having a higher level of education seemed to be protective against low-income persistence. This was most notable for Indigenous versus non-Indigenous tax filers, as there was no statistically significant difference among university degree holders.

Though the results show that people who exit low income tend to stay out, income trajectories are not

necessarily linear. Certain groups were less likely to exit low income—and, if they did, they were more likely to slip back under the low-income threshold.

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### Data sources, methods and definitions

#### Data sources and methods

The results of this study are based on data from the 2016 Census of Population linked to the 2016 to 2022 Longitudinal Administrative Databank (LAD). This linkage enhances research opportunities by adding richer socioeconomic context to tax data.

The LAD contains 20% of all tax filers, and the census long-form questionnaire targets one in four of all households. Approximately 16.5% of census records were found on the LAD. The linked 2016 Census and 2016 LAD cross-sectional dataset consists of approximately 1.4 million records. The linked 2016 Census and 2016 to 2022 LAD longitudinal dataset contains information on approximately 1.1 million individuals, as it includes only individuals with tax information available for all seven years.

Statistics and analyses using these linked data are only strictly representative of the linked records and not of the full Canadian population, even though census and LAD weights have been applied to protect respondent confidentiality and to calculate variances.

Replicate weights from the 2016 Census were multiplied by the LAD base weight (5 for everyone). Using these weights, the variance for an estimate was calculated using the bootstrap method. This variance was then adjusted by adding to it a factor equal to  $(p(1-p)/n)$ , where  $p$  is the estimate and  $n$  is the census weighted sample size.

#### Limitations

The low-income measure, after tax (LIM-AT) does not account for geography or regional prices, unlike the Market Basket Measure (MBM). Like other low-income lines, it does not capture other aspects of poverty, such as deprivation or savings and assets, which can be relevant to population groups whose financial well-being is based less on income and more on wealth (e.g., retirees).

The study period covers the COVID-19 pandemic, including the economic downturn and the income transfers that were part of the government response, which may affect results that include those years.

The linked records in this study exclusively include tax filers. This may skew results toward those with slightly higher incomes and, especially when examining persistence over time, may not represent Canadians who did not file their taxes during all years in this period. Moreover, individuals living in collective dwellings are excluded.

#### Definitions

**Low-income measure, after tax (LIM-AT):** The low-income measure is used to identify low-income tax filers. The LIM-AT threshold is calculated as half of the median of the adjusted after-tax income of all tax filers and their family members. The adjustment is made by dividing the after-tax income by the square root of the census family size to take economies of scale into account. The census family is the only family unit available in the LAD.<sup>14</sup> Low-income measures are calculated each year using new data—they do not require updates with a price index, and they do not vary by area of residence.

**Market Basket Measure (MBM):** The MBM is Canada's official measure of poverty, based on the cost of a specific basket of goods and services representing a modest, basic standard of living developed by Employment and Social Development Canada. The MBM thresholds represent the costs of specified qualities and quantities of food, clothing, shelter, transportation and other necessities for a reference family of two adults and two children. The square root of economic family size is the equivalence scale used to adjust the MBM thresholds for other family sizes. This adjustment for different family sizes reflects the fact that an economic family's needs grow, but at a decreasing rate, as the number of members increases.

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### Data sources, methods and definitions

**Tax filer:** For the purposes of this study, the term refers to an individual sampled in the LAD. The LAD is a random, 20% sample of the T1 Family File, a cross-sectional file of all individuals who file taxes and their families. Selection for the LAD is based on an individual's first social insurance number. Those selected remain in the sample and are picked up each year, linked across years by a unique LAD identification number, to create a longitudinal file.

**Limitations in activities of daily living:** This concept is based on census questions concerning difficulties a person may have doing certain activities, like seeing or hearing, walking or using their hands, or learning or concentrating. Only difficulties or long-term conditions that have lasted or are expected to last for six months or more are considered.

**Persistent low income:** Researchers have taken various approaches to quantifying the persistence of low income. For a given period, it can be defined as spending more than half of that period under the low-income threshold—in this case, four to seven years from 2016 to 2022, inclusively.<sup>15</sup>

**Non-permanent resident:** This term refers to a person from another country with a usual place of residence in Canada and who has a work or study permit or who has claimed refugee status (asylum claimant). Family members living with work or study permit holders are also included, unless these family members are already Canadian citizens or landed immigrants or permanent residents.

**Indigenous, not included elsewhere:** This term refers to a person who does not identify as First Nations (North American Indian), Métis or Inuk (Inuit) but who reports having Registered or Treaty Indian status or membership in a First Nation or Indian band.

### Notes

1. Employment and Social Development Canada (2018).
2. Ibid.
3. The other low-income line is the Market Basket Measure, which is the official poverty line that the Government of Canada uses to track its poverty reduction targets (Benjamin et al. [2022]; Djidel et al. [2019]). However, it is not available in the linked dataset used in this study.
4. Statistics Canada (2016).
5. Statistics Canada (2025). [Table 11-10-0093-01 Poverty and low-income statistics by selected demographic characteristics](#).
6. Statistics Canada (2022).
7. Ibid.
8. Statistics Canada (2017).
9. Statistics Canada (2023).
10. Statistics Canada. [Table 11-10-0026-01 Low income duration of tax filers in Canada](#).
11. Ibid.
12. Zhang (2021).
13. A reason for the income gains could be that the non-permanent residents who stay in Canada for a lengthy period of time may be the best adapted. Moreover, the non-permanent status is from the baseline year, and it may have changed as time went on.
14. For details, see Murphy et al. (2010).
15. Zhang (2021).

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