

# The 2024 Budget and the Gig Economy: Key Impacts and Implications



As we begin the 2025 fiscal year, significant attention is being paid to how the government plans to address the growing presence of the gig economy. With increasing numbers of Canadians working as independent contractors, freelancers, or part-time workers in various industries—from tech and transportation to healthcare and retail—the 2024 budget outlines initiatives that could reshape employment standards, tax obligations, and worker protections in the gig economy.

## A Changing Landscape: Gig Workers in Canada

The gig economy in Canada has experienced substantial growth, fueled by technology platforms that enable flexible work arrangements. By some estimates, over 1 in 4 Canadian workers now engage in gig or contract work in some capacity. While these flexible arrangements offer autonomy and work-life balance for some, they have raised critical concerns regarding job security, income stability, and access to benefits, such as healthcare, pension plans, and employment insurance (EI).

# Proposal Highlights

The 2024 federal budget took several steps towards addressing the needs and challenges of gig economy workers.

## **Enhanced Employment Standards for Gig Workers**

One of the most notable aspects of the 2024 budget was the proposal to extend certain employment standards to gig workers. While gig workers are typically classified as independent contractors and therefore not entitled to the same rights as employees, the budget acknowledges the growing demand for protections in this sector. The government is exploring options to provide gig workers with greater job security, minimum wage guarantees, and access to essential benefits as we enter 2025.

## **Paid Sick Days and Vacation Time**

The budget includes discussions about legislating paid sick leave and vacation time for workers, including those in the gig economy. Currently, gig workers do not have the same protections as employees in terms of paid time off, which creates vulnerability when health issues arise or during periods of absence. The proposed changes would offer gig workers more stability and access to paid leave, a critical step toward improving working conditions and worker safety.

## **Minimum Wage Standards**

While provincial minimum wage laws already apply to some gig workers, the federal government is looking into creating national minimum wage standards specifically targeting workers who are not traditionally classified as employees but are still performing services that directly benefit employers. This could force platforms that rely on gig workers (such as Uber, DoorDash, or freelancing platforms) to pay workers at least a baseline amount for their time.

# Taxation Reforms and Deductions for Gig Workers

In 2024, new legislation (called Bill C-47) came into effect, which requires gig platforms (websites and apps you use to earn income to do freelance or contract work) to share certain information with the Canada Revenue Agency (CRA) on your behalf. Gig platform operators are now required to file an 'information return' with the CRA, which includes sharing mandatory user identifying and income-related information for all Canadian gig workers using their platform no later than January 31, 2025.

**Bill C-47 Creates Amendments to Income Tax 'Mandatory Disclosure Rules':** This includes what needs to be reported to the CRA, and requires gig platform operators (such as Uber, Lyft, Airbnb, etc.) to collect and report identifying information about Canadians who use their platforms and the income they earn. Gig platforms must collect and report information for every Canadian that uses the platform and share it with the CRA, including full name, date of birth, primary address, tax identification number or social insurance number.

**Electronic Filing:** Bill C-47 also includes several administrative changes that require taxpayers to use the CRA's electronic services rather than sending information manually. Certain tax filings and payments must be done electronically, for example for payments over \$10,000 and if you are filing five or more T4 slips. Platform operators must file an information return with the CRA, containing the required information relating to their users, no later than January 31 of the year following the calendar year in which any Canadian is identified as a reportable user of the platform.

**Taxation on Platform Companies:** The budget proposes to address the taxation of digital platforms, ensuring that companies

operating in the gig economy pay their fair share of taxes on the profits they generate. This could involve new taxes or reporting requirements for platform companies, compelling them to collect and remit taxes on behalf of gig workers, thereby simplifying the tax process for individual workers.

## **Improving Access to Benefits and Insurance**

A significant concern for gig workers is the lack of access to social safety nets, such as Employment Insurance (EI), healthcare benefits, and pension plans. Many gig workers struggle to accumulate the benefits traditionally associated with full-time, permanent employment. The 2024 budget outlines steps to improve access to essential services for these workers.

**EI Access and Reform:** Currently, gig workers are not eligible for standard EI benefits unless they pay into the system voluntarily. The 2024 budget sets aside funds to explore ways to expand access to EI for gig workers who face interruptions in their income, whether from illness, disability, or loss of work. This could involve reclassifying some gig workers as “eligible for EI” based on income thresholds or work history.

**Private Health and Pension Plans:** The budget also outlines funding to pilot programs aimed at providing affordable healthcare benefits for private practices like dental and mental health services, and pension plans to gig workers. The government hopes that by facilitating group plans and partnerships with insurers, it can offer gig workers a more affordable way to plan for retirement and secure healthcare coverage they otherwise would not have.

# Worker Classification and Legal Protections

Another major area of focus is clarifying the classification of workers in the gig economy. Many gig workers are classified as independent contractors, which limits their access to legal protections, including workplace safety regulations and collective bargaining rights.

**Revised Employment Definitions:** In response to calls for reform, the 2024 budget proposes a review of the legal definitions of “employee” and “independent contractor.” HR professionals will need to monitor these changes closely, as a broader definition of employee could change how companies classify their workers. If gig workers are granted employee status under Canadian labour law, companies will face increased obligations related to benefits, health and safety protections, and workers’ compensation.

**Collective Bargaining and Worker Advocacy:** The budget introduces provisions that encourage the creation of worker advocacy groups and unions within the gig economy. These organizations would be able to negotiate on behalf of gig workers, thereby strengthening their ability to advocate for better pay and working conditions.

## Key Implications

HR professionals will need to stay agile as these proposed budget measures progress through the legislative process. There are several implications that could significantly impact the way companies engage with gig workers:

**Inspections and Enforcement:** According to DLA Piper, federally regulated employers who utilize contractors and gig workers may soon see increased inspections and enforcement efforts around the classification of those workers. In addition to

“strengthening prohibitions against employee misclassification,” Employment and Social Development Canada and the Canada Revenue Agency will enter into “necessary data-sharing agreements to facilitate inspections and enforcement”.

Under proposed *Canada Labour Code* amendments, a person who is paid remuneration by an employer is presumed to be an employee and must be treated as an employee, unless the employer can demonstrate that the individual is actually an independent contractor.

**Employment Classifications:** HR professionals must reassess their classification of workers, considering how the revised definitions of “employee” and “independent contractor” may change their obligations. Misclassification could lead to increased liability for organizations, including fines or lawsuits.

**Updating Worker Contracts:** With the proposed changes to worker protections and benefits, HR departments will need to update employment contracts and agreements to reflect new entitlements and obligations. Employers may also need to provide clearer communication about the benefits and protections available to gig workers.

**Compliance with New Tax Systems:** As the government rolls out new tax reporting structures and benefit programs, HR professionals must ensure that they comply with new administrative requirements for gig workers. Additionally, platforms that rely on gig workers will need to provide the necessary information and resources for workers to navigate these changes.

**Legal Challenges and Litigation Risks:** With the expansion of gig worker rights, businesses may face increased legal challenges as workers seek to enforce their new rights. Employment law professionals will need to be prepared for a

likely surge in litigation related to worker classifications, rights to benefits, and issues surrounding unionization efforts.

The 2024 Canadian federal budget marks a turning point in the way the government plans to support and regulate the gig economy. By extending protections to gig workers, simplifying tax processes, and improving access to benefits, the government is acknowledging the growing importance of this sector in the Canadian workforce. For HR directors and employment lawyers, staying ahead of these changes will be critical to ensuring compliance and maintaining fair working conditions in this rapidly evolving space.