



## 3 Warnings You Need to Know Before Starting a Side Hustle

### Description

The side hustle. It's increased in popularity over the years, but certainly during the pandemic. As Canadians continue to work from home, many have realized their passion project can be sold for some extra cash.

But while this may seem like a rosy solution to money woes, there are certainly some aspects of the side hustle that Canadians should consider. So today, I'm going to go over the top three.

### 1. Identify your risk tolerance

The change from a passion side project to side hustle is actually a major move. It's also one that can be quite costly. If you've decided to start up your own little business, one of the first questions you need to ask yourself is how much risk are you willing to take on?

In that respect, risk comes down to [money](#). If you want customers coming in droves, then you're going to need to create a backlog of products in a lot of cases. And that means a large investment. It also means the potential to pay for storage space, along with the risks of not seeing a profit for quite some time.

Then there is the risk that your side hustle doesn't really get off the ground *at all*. If that's the case, can you afford to get this project going? Instead, it might be a better idea to keep it small, offer what you can, and continue your passion project in a less stressful vein.

### 2. Time consumption

Now let's say that you've already done this last part. You've tested the waters, your friends and family have shown your product to others. Now, you're ready to expand and have the cash to do so. The next question you should be asking yourself is how much time can you devote to this side hustle?

And don't just think it's going to be the time consumption of making more products. Instead, consider

the customer service, the finances, the shipping, and of course the marketing. You need to have a brand presence, and that will involve being available and creating posts and other marketing tools on a regular basis.

If you have a demanding day job already, this may not seem like something you can really devote yourself to. And I wouldn't blame you. At the end of a long day, it may not seem like something most of us will have the energy for. And that's totally fine<sup>1</sup>

### 3. Tax implications

But let's say you can afford the investment. You have free time to devote to the side hustle. The final thing you *really* want to consider is your tax implications. If you start making over \$30,000 per year, that means your side hustle needs to be registered as its own business. And that means paying more taxes.

Honestly, I would certainly skip all the do-it-yourself worry in this case, and get an accountant. But of course, this adds yet another expense that you'll have to consider when starting up your side hustle. You don't want to get this wrong, so it's really the most important part that you'll have to consider.

### Bottom line

A side hustle is absolutely a fun and growing way of [making money](#). But you absolutely should take into consideration these warnings before starting up your own. That being said, there are also side hustles that take less time and investment than your day-to-day side hustle. That would include something like renting out storage space such as a garage. So make sure to look at your options, consider the risks, and find a side hustle that's right for you.

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