

Have COVID-19 questions? We've got answers.

GET HELP

## Canada Emergency Business Account (CEBA)

### What Is CEBA?

The Canada Emergency Business Account (CEBA) is a loan of up to \$60,000 with a forgivable portion of up to \$20,000 to help businesses pay their non-deferrable expenses during this challenging period. The CEBA has two streams of eligibility: the Payroll stream and the Non-Deferrable Expense stream. These loans are government-funded, interest-free (if repaid before Dec 31, 2022) and provided through financial institutions in cooperation with Export Development Canada (EDC).

Those who have previously received the loan of up to \$40,000 can apply for the CEBA expansion to increase their loan by an additional \$20,000 with an additional \$10,000 forgivable portion (if repaid before Dec 31, 2022) after self-attesting to having experienced a revenue drop.

**Important reminder:** The CEBA and CEBA expansion forgivable loan portion (up to \$20,000) are taxable in the year you receive the CEBA or CEBA expansion. Not in the year the loan is forgiven. Keep this in mind when applying for the CEBA or its expansion in 2020.

To see a list of past CEBA updates, see our [CEBA timeline](#).

PROGRAM  
OVERVIEW

FAQ

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**How much your business can receive:**

- › CEBA: a loan of up to \$60,000. If you repay the balance of the loan on or before December 31, 2022, it is interest-free and 33% will be forgivable (up to \$20,000).
- › CEBA expansion: an expansion of your CEBA loan of \$20,000 for businesses who already qualified for the CEBA loan. If repaid within the deadline, up to \$10,000 of this additional \$20,000 will be forgivable.

**Program duration:** April 9, 2020 to March 31, 2021

**How to apply:** through your financial institution see the list of providers on the [CEBA website](#)

**Application Deadline:** March 31, 2021

**Eligibility criteria:** See the [FAQ](#) below for details.

Stay informed! Get all your CEBA updates as soon as they become available. If you're not a CFIB member and would like to receive the CEBA+ updates by email, [please subscribe to our email list](#).

# Is my business eligible for CEBA and its expansion?

To determine if your business is eligible for CEBA, you must first assess if your business meets all the basic eligibility requirements below. Then you will have to determine if your business is eligible for either (1) the Payroll Stream OR (2) the Non-Deferrable Expense Stream. You must meet all the basic CEBA eligibility requirements:

- You have an active CRA Business Number (BN) with an effective date of registration on or prior to March 1, 2020.
- You have an active business chequing/operating account with your financial institution. If you currently don't have a business chequing/operating account, you must create one at your financial institution before applying for CEBA.
- **You have not previously used CEBA and will not apply for CEBA at any other financial institution**
- **You intend to continue to operate your business or to resume operations**
- **You are willing to participate in post-funding surveys conducted by government or any of its agents**

## **Payroll stream eligibility:**

- You must have a total employment income paid in the 2019 calendar year between \$20,000 and \$1.5 million (found on your T4 Sum).

## **Non-deferrable expense stream eligibility**

- You must have eligible non-deferrable expenses for the year of 2020 totalling between \$40,000 and \$1,500,000. For more details on what is an eligible non-deferrable expense, see below.
- You must have filed an income tax return with the CRA for the tax year ending in 2019, or if your tax return for 2019 has not yet been submitted, 2018.

*Note: if your business did not have any returns to file with CRA in 2018 or 2019, you can still file your returns with zero or "nil" owed online in your [CRA My Business Account portal](#).*

## **CEBA expansion eligibility requirements:**

- If you have received a CEBA loan, you will have to apply for the CEBA expansion at the same financial institution that funded your \$40k CEBA.

- You will have to sign a self-attestation of having experienced a revenue drop due to COVID-19. This will look slightly different across all financial institutions. A [sample of the attestation/agreement](#) can be found at some financial institutions' websites.

## What is an eligible non-deferrable expense?

Expenses are included if they were incurred in January or February 2020 or were due (legally or contractually) as of March 1, 2020 and cannot be deferred beyond 2020.

**The eligible non-deferrable expenses fall into nine categories:**

### Wages

- Employee wages (included on a T4 slip)
- Arm's length (third-party) independent contractor invoices formalized between January 1st and February 29, 2020
- Payroll taxes
- Benefits (e.g., pension, insurance coverage)

### Rent or lease payments for real estate

- Formalized commercial tenancy agreements
- Note: this does not include partial business rent or lease agreements for real estate used for home-based businesses

### Payments incurred for business insurance-related costs

- Property insurance
- Professional liability insurance
- Vehicle insurance
- Business interruption insurance

### Business rent / lease for capital equipment

- Capital equipment used for business purposes such as:

- » Machinery
- » Computer equipment
- » Furniture
- » Vehicles
- » Tractors

Note: This does not include fuel for the capital equipment use unless it is stipulated on an agreement or contract.

Payments incurred for property taxes

Property tax bill dated in 2020

Utility payments incurred by the business

Contract signed before March 1, 2020 for:

- Telephone
- Utilities such as:
  - » Gas
  - » Oil
  - » Electricity
  - » Water
  - » Internet

Note: proportional business use utility payments will not be included unless the agreement or contract is in the name of the operating company.

Payments for regularly scheduled debt service

- Lending agreement dated prior to March 1, 2020 with a contractual end date on or after January 1, 2020.
- Invoice from lender dated in 2020.

What is not included or accepted through the CEBA application portal:

- Financial institution statements
- Credit card statements or receipts
- Business financial statements (e.g., profit/loss statements)

- CRA payment notices
- GST/HST payment notices

Payments incurred under agreements with independent contractors and fees required in order to maintain licenses, authorizations, or permissions necessary to conduct business by the borrower

All below agreements and invoices must be due or dated (legally or contractually) from January 1st, 2020 to March 1st, 2020. Please note that this list is not exhaustive.

- Professional dues for licensed professionals
- Fishing licenses
- Taxi medallions
- Software licensing and subscriptions
- Patent fees
- Accounting invoices
- Legal service invoices

Payments incurred for materials consumed to produce a product ordinarily offered for sale by the borrower.

Input materials that:

- are consumed
- are transformed
- become part of the product that is ordinarily offered for sale

Examples of this include raw materials for the production of your product such as:

- Ingredients
- Seed
- Livestock feed

This excludes:

- Finished goods' inventory
- Work-in-progress inventory
- Purchases of capital assets

# How to Apply

## **Payroll stream:**

You can apply for CEBA under the payroll stream through your financial institution. There are 233 financial institutions participating in providing CEBA across Canada.

Once your application is submitted, Export Development Canada (EDC) will assess it and inform your financial institution of the approval or denial of the loan. If approved, your financial institution will provide you with the funds directly into your business chequing / operating account.

## **Non-deferrable expense stream:**

When applying for CEBA under the Eligible Non-Deferrable Expense Stream, you must follow a three-step process:

- Step 1. Complete the online Pre-Screen Tool. This tool determines whether you are eligible, so you can decide whether to open a business account (if you don't already have one) before applying for CEBA at your financial institution. If you are declined at this step, you can still apply for CEBA (though your chances of receiving CEBA are low) and must complete the next two steps.
- Step 2. Ready to apply? Contact your financial institution where you hold your business chequing / operating account. They will direct you to the last step of the application process.
- Step 3. Gather your documents. Once you complete your application through your financial institution, gather supporting documentation for all your Eligible Non-Deferrable Expenses (receipts, invoices and agreements). You will be directed to the CEBA Document Upload Website to submit that information and complete the application.

Remember you must wait for your financial institution to inform you if your application was approved or denied.

If you are experiencing technical difficulties while applying, change your browser to either Chrome, Safari, Firefox or Edge before starting the application process. Also, it helps to clear your cache and cookies history.

## **Need a guide?**

<https://ceba-cuec.ca/wp-content/uploads/2020/06/CEBA-Document-Upload-Gu...>

## **Have a question? Check the CEBA FAQ:**

<https://ceba-cuec.ca/faq/>

## When will the CEBA expansion be available (aka CEBA+)?

CEBA expansion opened for applications on December 4, 2020. Before you can apply to CEBA expansion, you must have already received the \$40,000 CEBA loan. Applications can be made through all the major banks and some credit unions. More financial institutions will be added in the coming weeks.

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## Can I join a different financial institution to get the CEBA?

Yes, you can apply for the CEBA with a different financial institution (FI). We recommend that you complete the [CEBA pre-screen tool](#) before opening a new business account to apply for the CEBA (some FIs will require this step). If you are looking to make a switch, consider our partner [Scotiabank](#), who offers CFIB members exclusive discounts.

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## What if my financial institution decides to stop offering me their Financial services can they take away my CEBA?

The EDC has mentioned that any instances of this should be brought up through the CEBA call centre (1-888-324-4201) as an escalation. Once a CEBA has been funded, the Financial institution is not supposed to be able to close your CEBA loan. They should also be able to honour your CEBA expansion. Should you experience this situation, please feel free to share your story with us at [CEBA@cfib.ca](mailto:CEBA@cfib.ca)

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## Is CEBA taxable?

Yes, and no. Only the amount of the loan that was forgivable in the year it was received is taxable. The rest of the loan you received through CEBA is considered a repayable loan and does not need to be included in your revenue. When your financial institution provides you with your forgivable loan amount, you can declare your forgivable loan portion to the CRA in one of two ways:



(1) **As revenue in your tax return.** Elect to include the forgivable loan amount in the business income of the year in which the CEBA loan is received.

**OR (2) As a business expense.** Reduce the deduction for your business expense by the amount of the forgivable loan portion.

**Need more advice?** Please contact your accountant or the CRA to get accurate accounting advice on your reporting requirement for CEBA.

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## What if I am not eligible for CEBA?

If you are not eligible for CEBA, the federal government has funded other loan alternatives:

For those with less than 40k of non deferrable expenses or 20k of payroll:

### **The Regional Relief and Recovery Fund (RRRF)**

The Regional Relief and Recovery Fund is \$1.486 billion distributed by Canada's 6 Regional Development Agencies (RDAs) in the form of:

- \$1.05 billion in CEBA-like loans, called Regional Relief and Recovery Fund loans
- \$431.3 million in Community Futures Development Corporations programs, which target small businesses and rural communities across the country

Program details will vary in each Regional Development Agency and the application process is available now. Some RDAs' programs can be used to supplement other government relief, while others are only available to those who were denied access to other COVID-19 relief.

Please keep reading to find the RDA programs that apply to you.

### **What are the Regional Development Agencies (RDA)?**

1. Atlantic Canada Opportunity Agency (ACOA) - NS/NB/PE/NL
2. Canada Economic Development for Quebec Regions (CED) - QC
3. Canadian Northern Economic Development Agency - YT/NT/NU
4. FedDev Ontario - Southern Ontario
5. FedNor - Northern Ontario
6. Western Economic Diversification Canada (WD) - AB/BC/MB/SK

### **Community Futures**

If you are not eligible for the RRRF, contact your local Community futures program to determine if you are eligible for their RRRF plan.

For those with more than 1.5 million in non-deferrable expenses or payroll expenses:

## Business Credit Availability Program (BCAP)

- Loan Guarantee for Small and Medium-Sized Enterprises to support their operations. EDC will guarantee 80% of new operating credit and cash flow term loans that financial institutions extend to SMEs, up to \$6.25 million. The program cap for this new loan program will be a total of \$20 billion for the export sector and domestic companies.
- Co-Lending Program from Small and Medium-Sized Enterprises to provide additional liquidity support to Canadian businesses. The Co-Lending Program will bring the Business Development Bank of Canada (BDC) together with financial institutions to co-lend term loans to SMEs for their operational cash flow requirements. Eligible businesses may obtain incremental credit amounts up to \$6.25 million, 80 percent of which would be provided by BDC, with the remaining 20% by a financial institution. BDC's portion of this program is up to \$5 million maximum per loan. Eligible financial institutions will conduct the underwriting and manage the interface with their customers. The potential for lending for this program will be \$20 billion.

If you still fall through the cracks of COVID relief programs, please share your story with us at [Ceba@cfib.ca](mailto:Ceba@cfib.ca)

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## What if I am eligible, but am getting rejected for CEBA?

1. Call the CEBA call centre. If you have already applied for CEBA and have questions, do not call the Canada Revenue Agency (CRA) as the CRA does not administer the CEBA, but please call the dedicated CEBA Call Centre at 1-888-324-4201.

You can ask:

- What is the status of my application?
- Why was my application declined?
- Why was my submitted document rejected?

If no one is available to take your call, you can leave a message and an agent will return your call within three business days, Monday through Friday, from 10:00 am to 9:00 pm EST.

Need a guide?

Have a question? Read the CEBA FAQ

2. Call your financial institution's customer service line or branch line to be assigned to an accounts manager. They should be able to walk you through your application and help you determine the reason for your rejection. Send an email to [CEBA@CFIB.ca](mailto:CEBA@CFIB.ca) and include:
  - Your business legal name (according to your financial institution)

- The name of your financial institution
- A summary of your situation
- Your contact information

If you want to speak to a live person, we encourage you to keep in touch with CFIB (whether your CEBA application is successful or declined) by sharing your situation with a Business Counsellor at 1-888-234-2232 or by email at [CEBA@CFIB.ca](mailto:CEBA@CFIB.ca)

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## If I am rejected for CEBA, can I apply until I am accepted?

If you are rejected due to a need to update your financial institution's profile, you may need to wait 24-48hrs for this to be updated before you apply again.

If you are rejected due to an inputting error, then you can try applying again. Financial institutions are telling us that they are seeing many inputting errors in applications. They do encourage you to try applying again.

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## CFIB Resources

- [CEBA Timeline](#)
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## Government Resources

- [EDC - Canada Emergency Business Account website](#)
  - [EDC - CEBA Document Upload instruction guide](#)
  - [EDC Document Upload FAQ](#)
  - [EDC - CEBA pre-screen tool instruction guide](#)
  - [CEBA Call Centre for technical issues: 1-888-324-4201](#)
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