



CEBA Loan - Feed Qualification

More information has been released by CRA around eligible non-deferrable expenses that may allow your business to now qualify for the [Canada Emergency Business Account \(CEBA\)](#).

In addition to the originally noted categories for non-deferrable expenses, Canada Revenue Agency now includes payments incurred for materials consumed to produce a product ordinarily offered for sale by the borrower. In essence, **this means that expenses such as feed and crop inputs costs qualify as eligible non-deferrable expenses**. Finished goods' inventory or purchases of capital assets are not included.

The Non-Deferrable Expenses Stream, for owner-operated small businesses without payroll or with a payroll of less than \$20,000, requires an application through the business' financial institution and then a second step to [provide documentation to a CEBA website](#) of eligible non-deferrable expenses.

On the CRA document upload site, there are two options for documenting this

1. Agreement to pay for materials dated prior to March 1, 2020 and have a contractual end date of no earlier than January 1, 2020; or
2. Invoice for livestock feed dated in 2020.

CEBA allows banks and credit unions to provide interest free loans of up to \$40,000 for non-deferrable operating expenses. The loans will be guaranteed by the Government of Canada and 25% of the loan amount will be forgivable (up to \$10,000) if 75% is repaid before December 31, 2022. If there is a balance on the loan on December 31, 2022, it would be converted to a 3 year term at 5% and there would be no loan forgiveness.

The deadline to apply for CEBA is August 31, 2020.

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