



**CANADIAN FEDERATION  
OF INDEPENDENT BUSINESS**

***In business for your business.***

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*Letter sent by e-mail*

December 15, 2020

**The Honourable Chrystia Freeland**

Deputy Prime Minister and Minister of Finance  
House of Commons  
Ottawa, ON K1A 0A6

**Subject: New businesses access to government emergency programs**

Dear Minister Freeland,

As you know, the Canadian Federation of Independent Business (CFIB) is a not-for-profit, non-partisan organization representing 110,000 small- and mid-sized enterprises (SMEs) across Canada. Since the beginning of the pandemic, newer businesses have been shut out from accessing any of the government emergency programs to help them deal with the impacts of COVID-19. Many are quite desperate at this stage as they have spent their life's savings to start their businesses, only to have the pandemic hit them hard just as they were about to begin operations.

We are writing to share some approaches that could be implemented to allow newer businesses to access these important programs.

To access the Canada Emergency Wage Support (CEWS) or the Canada Emergency Rent Support (CERS) a business is required to be operating prior to March 2020. The Canada Emergency Business Account (CEBA) requires businesses to have had payroll in 2019 (payroll stream) or contracts in place prior to March 1<sup>st</sup>, 2020 (non-deferrable expense stream). In other cases, businesses - including some that have been long-standing - do not meet some of the administrative rules, such as the requirement to show a Business Number prior to a specific date. These program requirements have made it impossible for new businesses to apply.

We believe that there are ways to structure the qualifications for these programs to allow these newer businesses to access emergency support. To do that, CFIB is proposing the following approaches:

- Wave the requirement for an active CRA Business Number (BN) on the first day of each COVID relief program or allow a business to apply for one.
- Remove requirements for previous tax returns for businesses that were not in operation.
- Ask new businesses to provide some evidence of a significant expenditure or investment related to business operations. The minimum amount could be set at \$40,000, which is currently used for the CEBA Payroll Stream.
- As new firms are not able to determine their revenue loss compared to the same month in 2019 or, in many cases, January/February 2020, allow them to use provincial average revenue loss numbers by sector (e.g., if the average revenue loss for a Manitoba

restaurant in September was 40%, this could be used to calculate the CEWS or CERS subsidy) OR determine revenue comparison based on an average sales revenue over a few recent months, like Saskatchewan has implemented

- Allow new businesses to get retroactive support for CEWS, CEBA and CERS.
- Create a pathway through CERS to allow new businesses to access the government portion (50%) of CECRA since they were not eligible to participate while the program was open.

We suggest that the CRA change the eligibility rules for CERS and CEWS to allow new firms to participate, potentially with an additional level of screening to verify the business investment for businesses coming on stream. For CEBA, if there are challenges in implementing such a change through EDC's processes, a parallel program for new firms could be adopted by Regional Development Agencies (RDAs) through the Regional Relief and Recovery Fund (RRRF). As the RRRF was created to help those businesses that were not able to access other emergency programs, this would fit well within that mandate.

As we expect many businesses to fail before the end of the pandemic (CFIB has estimated 160,000 permanent closures), Canada will need to encourage and support new business owners to help both employment and the economy. While we are focused on ensuring access to support programs for entrepreneurs whose businesses were in the process of starting pre-pandemic, we would also like you to consider supporting brand new business owners who are brave enough to begin operations in the months ahead. This could be done under the same parameters as discussed above. We would be pleased to discuss this further.

We do appreciate the willingness of the government to work with us on how to best support small businesses in Canada. It is critical that new businesses be able to access emergency support during these difficult times so they can continue to serve our communities and help build our economies once the pandemic is behind us.

If you have any questions or would like to discuss our recommendations further, please feel free to contact us at our Ottawa office at 613-235-2373, or email Dan Kelly at [dan.kelly@cfib.ca](mailto:dan.kelly@cfib.ca) or Corinne Pohlmann at [Corinne.Pohlmann@cfib.ca](mailto:Corinne.Pohlmann@cfib.ca).

Sincerely,



**Dan Kelly**  
President and CEO



**Corinne Pohlmann**  
Senior Vice-President, National Affairs and Partnerships

cc: Diane Lebouthiller, Minister of National Revenue  
Mélanie Joly, Minister of Economic Development and of Official Languages