

# Eligible and Ineligible Costs

## Eligible costs include, but are not limited to the following:

- Costs related to the implementation or improvement of a digital e-commerce plan
- (e.g., online reservation/booking tools, online ordering systems, electronic payments)
- Costs related to website search optimization (SEO)
  - Note: The plan cannot be used solely for website search optimization, it needs to be tied to the overall e-commerce implementation plan, and not a standalone item
- Costs related to the installation of an e-commerce platform (including subscription fees/costs)
- Costs of back-office solutions to support an e-commerce strategy
- Costs of social media advertising (Note: The plan cannot be strictly social media advertising; it needs to tie into the overall e-commerce implementation plan)
- Costs related to the creation of customer databases
- Hiring a consultant/agency to execute digital marketing initiatives related to your e-commerce store
- Development of a new e-commerce website
- Upgrading existing e-commerce site for added functionality (i.e., new plugins, or features) **Note: Redesign of an existing site is not eligible**
- E-commerce software including:
  - Software to track and manage product inventory, as well as fulfill and ship orders
  - Software for product databases
  - Software to track sales, market to customers, offer discounts, maintain a loyalty program
  - Software to simplify marketing
  - Cybersecurity software or certifications
- Hardware and accompanying software up to 20% of the total grant amount
  - Examples of limited coverage for software would include software that is bought with equipment that is required to support an e-commerce strategy. For instance, if a small business buys a new e-commerce integrate point of sale (POS) system that costs \$1,300, CDAP will cover 20% or \$260.

**Please Note: All eligible costs must be directly tied to the sale of goods and services online (i.e., online reservations/ordering or chatbot function on website), and you will need to clearly outline this in your application.**

**Ineligible costs include, but are not limited to the following:**

- Costs related to the shipping of goods purchased through the e-commerce platform
- Purchases made prior to grant approval
- Office software (e.g., Microsoft Office, iWork, Google Workspace, etc.)
- Renewal of digital services such as domain name, software subscription, etc.
- Signage and printing
- **Logo redesign and rebranding**
- Business Owner's salary or current employee salary for executing the project
- Costs of land, building, or vehicle purchase
- Costs of intangible assets such as goodwill, whether capitalized or expensed
- Depreciation or amortization expenses
- Interest on invested capital, bonds, or debentures
- Bond discount
- Monthly mortgage, loan, and/or rent payments
- Refinancing of an existing debt
- Losses on investments, bad debts, and any other debts
- Fines or penalties
- Costs related to litigation
- Fees for administrators including payments to any member or officer of the Recipient's Board of Directors
- Opportunity costs
- Hospitality and entertainment costs
- Franchise fees and/or franchise license costs
- Lobbyist fees
- New capital expenditure
- Consulting fees for submission of CDAP application or any costs not related to the acquisition or set up of technology solution

## **Additional Policies regarding CDAP-related purchases/costs and grant applications:**

### **Receipt Submission:**

To submit an invoice of eligible costs and proof of payment to the Service Provider, receipts must be submitted within three (3) months of acceptance to the program.

**Non-arm's length transactions** made between CDAP recipients and their chosen service providers will not be reimbursed as per ISED CDAP policy

- A transaction made between related parties as described in Section 251 of the Income Tax Act, which defines related personas as individuals connected by a blood relationship, marriage, or adoption, and any situation involving different degrees of control by these persons or corporations

### ★ Attestation in place of documentation:

CDAP recognizes an attestation for the one-employee requirement rather than requesting documentation. In order to confirm eligibility a business must complete an attestation and check off one of the three sections:

### **One-Employee Requirement**

1. The Business has employed at least one employee (other than the owner) for at least three months prior to the application.

OR

### **Revenue Threshold Requirement**

2. For businesses that have been in operation for less than 80 weeks who have not yet filed their first year's taxes or received their CRA  
The Business has had a gross revenue of at least \$30,000 in the last 12 months of operations or since incorporation/registration.
3. For businesses that have received a CRA Notice of Assessment  
The Business has a gross annual revenue of at least \$30,000 in the previous fiscal year.