

What is the Canada Emergency Business Account (CEBA)?

The new **Canada Emergency Business Account (CEBA)** was created to provide funds to small businesses that have lost income as a result of the COVID-19 pandemic. The funds received through the CEBA can be used to cover immediate operating expenses costs. The newly developed program will provide loans to small businesses and not-for-profits for up to \$40,000.

Does My Business Qualify For a CEBA Loan?

As you would imagine, there are qualification requirements in order for a business to be eligible for the CEBA. More specifically, businesses must be registered in Canada and will need to prove that between \$50,000 to \$1 million was paid out in total payroll in 2019.

Update* Thursday, April 17th, Prime Minister Justin Trudeau announced a change in CEBA loan requirements during his daily news conference. The previous payroll requirement of \$50,000 to \$1 million has now been expanded to **\$20,000 to \$1.5 million** in an effort to include more businesses that have been affected by COVID-19.

When Will The CEBA Loans Be Available?

Applications are currently open and can be applied through your business's primary bank. Business owners who believe they qualify or are in dire need of funds to make up for lost income but, require additional information on applying are urged to contact their bank.

What Is The Interest On The Loans?

Business owners will not have to worry about paying any interest for up to one year while holding the loan. Further, as much as \$10,000 of the loan may be forgiven if the remaining loan balance is paid back in full by (or before) December 31, 2022.

If the loaned funds are not paid back by this date, the loan can be converted into a 3-year installment loan with a 5% interest rate. The loan will be repaid in monthly installments, with the first payment due January 31, 2023. The full loan balance and all interest accrued will then be due by December 31, 2025.

Where Can I Apply For a CEBA Loan?

Considering the social distancing protocols that are in place, many bank branches have either reduced hours or closed altogether. As such, business owners can apply online through the financial institution that your primary Business Operating Account is held at.

- **TD**
- **Scotiabank**
- **RBC** – RBC Express clients must call their account manager for separate information on how to apply for CEBA.
- **CIBC**
- **BMO**

What Information Do I Need To Provide?

You will need to supply the following:

- 2019 T4 Summary of Remuneration Paid statement to apply for the CEBA.
- The 15 digit Canada Revenue Agency business number
- Business bank account details (ex: business account number, business bank branch number)

How Long Will It Take To Get The Funds?

Considering the fact that you've likely experienced a dramatic drop in sales or closed your doors completely, you're likely ready to gain access to much-needed funds as soon as possible. This is understandable, given the fact that bills are still piling up and need to be paid. The question is, how long will it take to get the funds after applying for the CEBA?

After you successfully submit your application, you can expect to receive your funds within 7 business days. The money will be deposited directly into your business account after you have been approved. From there, you can gain access to the funds and use it to cover any operational expenses you may have to keep your business afloat.

Is There Other Financial Support?

The government is doing what it can to help financially cover both individuals and businesses who are suffering economically as a result of the spread of the novel coronavirus. And in addition to the CEBA, businesses may also have another program at their disposal: the **Business Credit Availability Program (BCAP)**.

This program was recently put in place by the government to help businesses get any needed financing throughout the COVID-19 pandemic. The government will provide \$65 billion in loans and other financial support through this program at market rates.

In order to be eligible, businesses must have adequate business models and prove that they are unable to access financing any other way. The goal of this program is to help businesses gain access to additional lending by private sector institutions in an effort to fill any financial voids they may be experiencing.

Businesses interested in the BCAP should get in touch with the financial institutions that they have their business account with in order for the respective financial institution to be able to assist with accessing additional leveraged funds.

Frequently Asked Questions

I'm a sole proprietor and only have a personal checking account. Can I still apply?

Unfortunately, no you cannot. Only business clients who have a business account and have been a registered operation on or prior to March 1, 2020, are eligible for the Canada Emergency Business Account. Sole proprietors may be able to gain financial support from another program, such as the **Canada Emergency Response Benefit (CERB)**. With this program, individuals who have lost their income due to COVID-19 and are unable to apply for EI may be qualified to receive \$2000 a month for up to 4 months. In order to qualify for this benefit, you may need to show that you have had to stop working because of COVID-19. Your income has to be a minimum of \$5,000 in 2019 or in the 12 months before the date that you apply, and you believe that you won't be generating any income for at least 14 consecutive days over the initial 4-week time frame.

I have more than one business. Can I enroll each business for CEBA?

Each business that you have can be eligible for CEBA, as long as each business meets the qualification criteria.

I have multiple financial accounts to run my business. How do I know which bank to apply with?

The bank that your business does most of the banking at is the financial institution that you should be applying for the CEBA through. Get in touch with the bank that holds your main business operating account.

How do I apply for CEBA if my business has multiple owners?

Only one signature is required to apply for the Canada Emergency Business Account loan agreement. Multiple signatures from different owners cannot be accepted. In this case, your business will need to come up with a resolution as to who will be designated the primary individual to apply for the loan, who will then serve on behalf of the business and everyone with a stake in it.