

# Canada Emergency Business Account

The new Canada Emergency Business Account (CEBA), which was announced by the Government of Canada on March 27th, 2020 will provide up to \$40,000 to small businesses and not-for-profits as an interest-free loan. The intention of this loan is to help cover operating costs during a period where revenue could be reduced.

## What's the eligibility criteria?

The eligibility criteria are as follows, per the Government of Canada's requirements:

- Have an existing Kerrobert Credit Union business deposit account opened prior to March 1, 2020 and utilize it as your primary operating account
- Your business has been a registered and operational business since on or before March 1, 2020
- Your payroll expenses were between \$20,000 and \$1.5 million in 2019
- You have not previously used the program and will not apply for support at any other financial institution.
- Your intention is to continue operating your business or to resume operations.
- You agree to participate in post-funding surveys conducted by the Government of Canada.
- You agree that the funds from this loan will only be used to pay non-deferrable operating expenses including, payroll, rent, utilities, insurance, property tax, regularly scheduled debt service and may not be used to fund any payments or expenses such as prepayment/refinancing of existing indebtedness, payments of dividends, distributions and increase in management compensation.

If you're not sure if you qualify, we encourage you to discuss your application with your professional accounting partner prior to applying.

## What information do I need to apply?

Locate your 2019 T4 Summary of Remuneration Paid statement. You can contact the Canada Revenue Agency to have them re-issue your 2019 statement. We require the following information:

- Your employer account number, as reported at the top of your 2019 T4 Summary of Remuneration Paid statement.
- Your employment income reported in Box 14 of your 2019 T4 Summary of Remuneration Paid
- A copy of your 2019 T4 Summary of Remuneration Paid may be requested

## How does the CEBA work?

- The Canada Emergency Business Account will be funded as a loan for \$40,000 until December 31, 2020
- After December 31, 2022, any outstanding balance on the \$40,000 loan will be converted into a non-revolving term loan maturing on December 31, 2025, at which time the balance must be paid in full
- No interest will apply until January 1, 2023
- Beginning January 1, 2023, interest accrues on the balance of the term loan at the rate of 5% per annum, payable monthly on the last day of each month
- If you pay 75% of the balance of the term loan (as of January 1, 2021), on or before December 31, 2022, the remaining balance of your term loan will be forgiven. For example, if your balance is \$40,000 on January 1, 2021 and you repay \$30,000 on or before December 31, 2022, the remaining \$10,000 will be forgiven
- If you do not repay 75% of the balance of the term loan (as at January 1, 2021) on or before December 31, 2022, the full loan balance and all accrued and unpaid interest will be due and payable on December 31, 2025.

