

HAMILTON ROSENTHAL

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CANADA EMERGENCY BUSINESS ACCOUNT (CEBA)

Our prior bulletin outlined a summary of the recently announced CEBA as part of Covid-19 emergency response. This bulletin provides further detail.

What is it:

- A \$40,000 government guaranteed loan to help eligible businesses pay for operating expenses, payroll and other non-deferrable expenses.
- Until December 31, 2020 the CEBA will be structured as a revolving line of credit.
- After December 31, 2020, any outstanding balance will be converted into a 5-year term loan maturing December 31, 2025 at which time the balance must be paid in full.
- No interest applies until January 1, 2023.
- Commencing January 1, 2023, interest accrues at a rate of 5% per annum, payable monthly on the last day of the month.
- If you pay 75% of the loan balance that was outstanding as at January 1, 2021 on or before December 31, 2022, the remaining balance will be forgiven. For example, if your balance at January 1, 2021 is \$40,000 and you pay \$30,000 on before December 31, 2022, the remaining \$10,000 will be forgiven.
- If you do not pay 75% of the loan balance by December 31, 2022, the full balance will be due on December 31, 2025.

When is it available:

- Apply to your current financial institution beginning April 6, 2020.

What information do you need to provide:

- Your 2019 T4 Summary of Remuneration Statement.

Who is eligible:

- Your payroll expense is between \$50,000 and \$1 million in 2019.
- You are an operating company registered in Canada.

When do I start repaying:

- You may start repaying the loan in part or in full at any time, but repayment is not required until December 31, 2025 at which time the entire loan and all accrued and unpaid interest is due.

Who do I contact:

- Contact your bank (this is **NOT** administered through Canada Revenue Agency).