

Extension and Expansion to the Canada Emergency Business [Loan] Account¹

The Deputy Prime Minister and Minister of Finance Chrystia Freeland announced yesterday that the Canada Emergency Business [Loan] Account (CEBA) program is extended to October 31, 2020 and **will soon be expanded to include businesses with personal banking accounts**.

“If you have already applied for CEBA and have questions, please contact the new CEBA call centre at 1-888-324-4201 to receive a status update on your CEBA application. The CEBA call centre is open Monday to Friday from 8:00 am to 9:00 pm EDT and can address the following types of questions: What is the status of my application; why was my application declined; and, why was my submitted document rejected?”

“The new CEBA call centre is experiencing significant call volumes. We will be ramping up our capacity to deliver a better call-in experience, and apologize for any inconvenience. We ask for your understanding as we adjust to respond as quickly as possible and want to assure you we are committed to supporting you despite these delays.”

What is the CEBA?

The CEBA “program provides interest-free loans of up to \$40,000 to small businesses and not-for-profits, to help cover their costs to a period where their revenues have been temporarily reduced, due to the economic impacts of the COVID-19 virus.

“Repaying the balance of the [interest free] loan on or before December 31, 2022 will result in loan forgiveness of 25 percent (up to \$10,000). The remaining balance, if any, will become a three-year term loan at an interest rate of 5%.

“The funds from this loan shall only be used by the Borrower to pay non-deferrable operating expenses of the Borrower including, without limitation, payroll, rent, utilities, insurance, property tax and regularly scheduled debt service, agreements with independent contractors, and may **not** be used to fund any payments or expenses such as prepayment/refinancing of existing indebtedness, payments of dividends, distributions and increases in management compensation.”

CEBA Application Process

“CEBA applications under the...Non-Deferrable Expenses Stream will follow a two-step process:

“Step 1: Businesses will initiate applications directly with their primary financial institution where they hold their primary business chequing/personal bank/operating account. The financial institution will then direct applicants to Step 2 of the application process.

“Step 2: Following the initial application through your financial institution, applicants will be directed to a CEBA website to provide supporting documentation of the 2020 Eligible Non-Deferrable Expenses and to complete the application.”

¹ This summary is current as at 2:00 pm CDT, August 31, 2020. It is intended to supply general information and does **not** constitute legal, tax, accounting, or other professional advice.