

Canada Emergency Business Account

The Canada Emergency Business Account (CEBA) was created by the federal government to provide interest-free loans of up to \$40,000 for small businesses and not-for-profit organizations. The loan is meant to assist businesses and NPOs with covering their operating costs during a period when revenues have temporarily decreased.

Who is eligible?

The CEBA will be available to:

- 1 Small businesses, and
- 2 Not-for-profit organizations.

Furthermore, these organizations must demonstrate that they had total payroll between \$50,000 and \$1 million in 2019.

It is not clear if this payroll requirement is the only requirement that a business must meet to be considered a “small business.” No additional details have been provided to date.

How does it work?

The CEBA is provided to an organization through that organization’s financial institution, which would be providing this loan in cooperation with Export Development Canada.

The loan is interest-free and 25% of the loan is forgivable (up to \$10,000) if the organization repays the loan on or before December 31, 2022. If the loan is not repaid by that date, the resulting loan terms would be decided by each financial institution (see further details below).

How to apply

Since the CEBA is available through an organization’s financial institution, the application process would vary, depending on the methods adopted by that financial institution.

To date, RBC, Scotiabank, TD, BMO and CIBC have all made mention of how they will administer the CEBA. CIBC has provided the most details of its online application process, which is summarized here:

- The application will only be available online via its online banking portal for businesses. Therefore, businesses that wish to apply for the CEBA with CIBC should ensure they have registered for online banking.
- The application is expected to be ready in the week of April 6. Once the loan is available, CIBC will email its clients to notify them of its availability. Clients should ensure their contact information is up to date.
- CIBC states that in order to apply, the applicant:
 - Must be an operating company registered in Canada,
 - Have an annual payroll between \$50,000 and \$1 million based on its 2019 T4SUM Summary of Remuneration Paid,
 - Have CIBC as their primary bank, and
 - Provide its business contact information, including an email address.



- After completing the online application, \$40,000 will be immediately deposited into the applicant's business operating account.
- No principal repayments are required until December 31, 2022. If the loan is repaid by this date, 25% of the loan will be forgiven. Any amount of the loan that remains unpaid after this date would be converted to a 3-year term loan at 5% interest, as per the terms outlined by CIBC.
- Additional details can be found on [CIBC's CEBA FAO webpage](#).
- Currently, the CEWS is available for the months of March, April and May, and eligible employers will be required to reapply each month.

Additional information

Although few details are currently available, the Government of Canada provided some details on the [Department of Finance's website](#).

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