

GPI Chartered Professional Accountants

602 D 2nd Avenue Fernie 250-423-6881

UPDATE May 19, 2020

Canada Emergency Business Account (CEBA)

Prime Minister Justin Trudeau announced an expansion to the Canada Emergency Business Account (CEBA) which has been offered to small businesses and not-for-profit organizations to help cover operating costs.

This business loan will soon be available to sole owner/operator proprietors receiving income directly from their businesses, as well as those whose businesses rely on contract workers.

Family-owned corporations who pay employees through dividends rather than payroll will also be eligible for the CEBA

For such applicants with payroll lower than \$20,000, the following expanded eligibility criteria must be met:

- Applicants would have a CRA business number and have filed a 2018 or 2019 income tax return
- Have eligible non-deferrable expenses between \$40,000 and \$1.5 million, including expenses such as rent, property tax, utilities and insurance.
- Have a business operating account at a local bank or credit union

Expenses will be subject to verification and audit by the Government of Canada

More details regarding the launch date for applications under the new criteria will be released in coming days.

Potential solutions are being considered to help business owners and entrepreneurs who operate through their personal bank account, as opposed to a business account, or newly created businesses who have yet to file a tax return.

Loan Details:

The CEBA is a \$40,000 government-backed loan which is interest-free until December 31, 2022

Repayment of the balance of the loan on or before December 31, 2022 will allow loan forgiveness of 25% (up to \$10,000). If the business cannot pay back the loan by December 31, 2022 some financial institutions are offering conversion of the balance into a low rate term loan.

To qualify, Small Businesses and Not-for Profit organizations will have paid between \$20,000 and \$1.5 Million in total payroll in 2019.

Sole proprietors and businesses without payroll or payroll less than \$20,000 would adhere to the requirements announced today and any further details to come.

Application for this loan may be made on-line through participating financial institutions.