

# BUSINESS OWNERS, WE'RE HERE FOR YOU.

You may be eligible to receive an interest-free loan. Apply for the Canada Emergency Business Account.



## Canada Emergency Business Account (CEBA)

The Canada Emergency Business Account provides a loan for eligible small businesses and not-for-profits. This Government of Canada program is designed to help cover operating costs for businesses during a period where their revenues have been temporarily reduced due to the economic impacts of the COVID-19 virus.

- As of December 4, 2020, CEBA loans for eligible businesses have increased from \$40,000 to \$60,000.
- Applicants who have previously received a \$40,000 CEBA loan may apply for a \$20,000 expansion, which provides eligible businesses with an additional \$20,000 in financing.
- All applicants have until March 31, 2021, to apply for the \$60,000 CEBA loan or the \$20,000 expansion.

The program provides loans that are interest-free up until December 31, 2022. No minimum monthly principal payments are required before December 31, 2022. Repaying the balance of the loan on or before December 31, 2022 will result a portion of the loan being forgiven, which is described later in this document.

## Applying for CEBA

If you are interested in applying for a CEBA loan, please **review the below criteria to determine if your business is eligible**, and talk to the credit union about questions and next steps. You can also review the Government of Canada's CEBA site at: <https://ceba-cuec.ca/> for more details.

## What businesses are eligible?

Our Business Members must meet all of Government of Canada program criteria to be eligible. Eligibility includes but is not limited to the following:

- You must be a Canadian operating business in operation as of March 1, 2020.
- You must have a federal tax registration.
- Option 1: Applying Under the Payroll Stream
  - This stream applies to you if your total employment income paid in the 2019 calendar year was between Cdn.\$20,000 and Cdn.\$1,500,000.
- Option 2: Applying Under the 2020 Non-Deferrable Expense Stream
  - This stream applies to applicants with Cdn.\$20,000 or less in total employment income paid in the 2019 calendar year, but meet the following criteria, in addition to the full list of eligibility criteria:
    - You have a Canada Revenue Agency business number
    - You have filed a 2018 or 2019 tax return.
    - You have eligible non-deferrable expenses between Cdn.\$40,000 and Cdn.\$1,500,000.
    - Eligible non-deferrable expenses could include costs such as rent, property taxes, utilities, and insurance.
    - Expenses will be subject to verification and audit by the Government of Canada.
- You must have an active business chequing/operating account with the credit union.
- Your business must not have previously used the program, and must agree not to apply for it through any other financial institution.
- You must acknowledge your intent to continue to operate your business or resume operations.
- You must agree that funds received from the CEBA loan will only be used to pay non-deferrable operating expenses such as payroll, rent, utilities, insurance, property tax and regularly scheduled debt service, as defined in the program requirements.

## Preparing to Apply

Prior to applying, you can use the Pre-Screen Tool available at <https://verify-verifier.ceba-cuec.ca> to determine your potential eligibility. The credit union will provide you with the specific CEBA loan application form and attestation that you must review and complete to confirm that you meet the eligibility criteria outlined above. If you have already applied for and received a CEBA loan, and are looking to expand the loan by \$20,000, please contact the credit union directly to submit your application.

### Locating the documents you will require to apply

#### Payroll Stream

For businesses with total employment income paid to employees in 2019 greater than \$20,000 and less than \$1,500,000, you will need:

- Your Canada Revenue Agency Business Number (BN) (15 digits) as reported at the top of your 2019 T4 Summary of Remuneration Paid (T4SUM)
- The employment income reported in Box 14 of your 2019 T4SUM

#### Non-Deferrable Expense Stream

Businesses with total employment income paid to employees in 2019 of \$20,000 or less and 2020 Eligible Non-Deferrable Expenses (subject to adjustments for support under other Government of Canada COVID response programs) greater than \$40,000 and less than \$1,500,000 follow a two-step application process:

Step 1: complete the application with the credit union. You will need:

- Your Canada Revenue Agency Business Number (BN) (15 digits)
- Information from your 2018 or 2019 tax return filed with the Canada Revenue Agency (T1 or T2 depending on your type of business)

Step 2: Once you have submitted the application to the credit union and receive confirmation from the credit union as to the next steps, you will need to provide proof of 2020 eligible non-deferrable expenses to the Government of Canada through a secure online portal. To complete step 2 you will need:

- The exact name of the credit union where you applied; and
- Your 9-digit business number (same number used in your application); and
- Electronic copies of receipts / invoices / agreements to be uploaded to the portal as evidence of your 2020 Eligible Non-Deferrable Expenses.
- The ability to access the portal using one of the following internet browsers: Google Chrome, Mozilla Firefox, Safari, or Microsoft Edge. Note Internet Explorer is not compatible.

## After You Apply

Once you will have completed your application, it will be reviewed and forwarded to the the Government of Canada through Export Development Canada (EDC). Your application will be assessed through a series of pre-funding checks. The credit union will be notified if the loan is approved or declined. This can take anywhere from 10-15 business days, depending on the application stream and timely completion of the steps outlined above. If the application is approved, the credit union will provide the funds into your business chequing / operating account.

## Program Notes

The Government of Canada, via Finance Canada, is the lead on developing the program and policy. Export Development Canada (EDC) is the program administrator, including the operation of the CEBA call center. The credit union is the entry point of the program for applicants, able to respond to program questions, guide members through the process, and facilitate the flow of funds related to approved loans.

## Loan Forgiveness Details

### **If you borrowed \$40,000 or less:**

Repaying the outstanding balance of the loan (other than the amount available to be forgiven) on or before December 31, 2022 will result in loan forgiveness of 25 percent (up to \$10,000).

### **If you borrowed more than \$40,000 and up to \$60,000:**

If you received a \$40,000 loan and subsequently received the \$20,000 expansion, the terms of your forgiveness are as follows. Repaying the outstanding balance of the loan (other than the amount available to be forgiven) on or before December 31, 2022 will result in a single tranche of loan forgiveness up to \$20,000 based on a blended rate:

- 25 percent on the first \$40,000; plus
- 50 percent on amounts above \$40,000 and up to \$60,000.

For clarity, the portion of forgiveness based on a rate of 25% and the portion of forgiveness based on a rate of 50% are combined into a single tranche of forgiveness, which is only available if all other amounts outstanding are repaid by December 31, 2022. For example, if \$60,000 is borrowed, no forgiveness is available unless \$40,000 is repaid.

### **If you fully repaid your original \$40,000 loan, claimed forgiveness, and thereafter received the \$20,000 expansion:**

Repaying the outstanding balance of the \$20,000 expansion (other than the amount available to be forgiven) on or before December 31, 2022 will result in loan forgiveness of 50 percent (up to \$10,000).