

## IS YOUR BUSINESS ELIGIBLE FOR THE CANADA EMERGENCY BUSINESS ACCOUNT?

By Diana F. Saturno and Emily Duncan\*

*UPDATE: Please note that this article has been updated since its original publication.*

The Government of Canada is responding to the economic hardships faced by businesses throughout Canada. On Friday March 27<sup>th</sup>, 2020, Prime Minister Justin Trudeau announced a new measure to support small businesses and not-for-profits dealing with the economic impacts of the pandemic. The announcement is part of the government's COVID-19 Economic Response Plan, which already commits \$107 billion in support to Canadians.

On April 16, 2020, Prime Minister Trudeau announced that his government was expanding access to this loan.

### What is it?

The new Canada Emergency Business Account program will provide up to \$25 billion to eligible financial institutions so that they can provide interest-free loans to small businesses. This means that the loans are administered by financial institutions, while being guaranteed and funded by the Government of Canada. The purpose of this new program is to ensure that small businesses have access to the capital they need, at a zero percent interest rate for the first year, so they can pay for rent and other important costs over the next number of months. These loans will be in the form of lines of credit of up to \$40,000 to businesses with payroll between **\$20,000 to \$1.5 million** in 2019. A quarter of this loan (up to \$10,000) is eligible for complete forgiveness if the balance of the loan is repaid on or before December 31, 2022.

### Am I eligible?

If you are a small business or not-for-profit that paid between \$20,000 to \$1.5 million in total payroll in 2019, then you are eligible. You will need to contact your financial institution to apply for the loan.

### When Will The Loans Be Available?

Fogler, Rubinoff LLP will continue to compile updates issued by Financial Institutions regarding this program and will accordingly update this bulletin. For example, Toronto-Dominion Bank has issued a recent statement which states that their online application for the Canada Emergency Business Account will be available for eligible Canadian Businesses to apply at <https://www.td.com/ca/en/personal-banking/covid-19/small-business-relief/> in the coming weeks. Customers will only be able to apply **online**.



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*If you have any questions, please reach out to a member of the employment group at Fogler, Rubinoff LLP.*

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