

Dear Client,

The COVID-19 pandemic has created so many challenges that none of us could have ever imagined. In response to these challenges, both the federal and provincial governments have announced various economic relief measures. Please visit the **News and Highlights** section of our website for details (<https://www.wmklca.com/index.php/news-and-highlights>).

On March 27, 2020, the Federal government announced the establishment of a Business Credit Availability Program ("BCAP"). Part of this program is the creation of the **Canada Emergency Business Account** ("CEBA").

This new account will provide interest-free loans of up to \$40,000 to small businesses and not-for-profits, to help cover operating costs that cannot be deferred during times where revenues have been temporarily reduced as a result of COVID-19.

Highlights of the new account are as follows:

#### **What is it?**

- Interest-free, government guaranteed loan of up to \$40,000
- The funds are to be used for the payment of operating costs that cannot be deferred (i.e. payroll, rent, utilities, debt payments, insurance, property tax, etc.)
- Potential loan forgiveness of 25% or \$10,000, conditional on 75% or \$30,000 of the balance being repaid on or before December 31, 2022
- If the loan cannot be repaid by December 31, 2022, each financial institution has outlined that the loan will convert into term loans with various interest rates and repayment terms. \*Please refer to the communications issued by your respective financial institution for details

#### **Who is eligible?**

Businesses or not-for-profits if they have:

- An operating company registered in Canada
- Annual payroll of between \$50,000 and \$1 million, based on their 2019 T4 Summary of Remuneration Paid

\*\* Businesses must enroll for the CEBA at their primary financial institution where they have an existing business banking account and cannot apply at more than one financial institution.

#### **When will the loan be available?**

This program will roll out in the three weeks after March 27<sup>th</sup>, 2020. Please contact your current primary financial institution to discuss additional details and for questions regarding their respective application process.

For a more detailed summary of the Business Credit Availability Program please visit the following website:

<https://www.canada.ca/en/department-finance/programs/financial-sector-policy/business-credit-availability-program.html>

**Please continue to remain safe and healthy during this challenging time.**