

Coronavirus Advice for Businesses – 5 May 2020

BOUNCE BACK LOAN SCHEME

The government has announced that small firms are to get access to a new scheme offering 100% taxpayer-backed loans – the Bounce Back Loan scheme. This scheme is open to businesses based in the UK which have been negatively affected by coronavirus and were not an 'undertaking in difficulty' on 31 December 2019.

The Bounce Back Loan scheme will help small and medium-sized businesses to borrow between £2,000 and £50,000 for a period of 6 years. There is no flexibility on the 6 year initial term but early repayment will be possible without early repayment fees.

The loan amount cannot exceed 25% of annual turnover. The turnover will be derived from calendar year 2019 (estimated is acceptable) and this is self-certified.

The government will guarantee 100% of the loan, so no personal guarantees will be required. There won't be any fees or interest to pay for the first 12 months and interest rates for the remaining period of the loan will be "standardised". No capital repayments will be due during the first 12 months.

The loans will be available for any business structure (sole trader, partnership, LLP and Limited Company) but there are a few businesses which are excluded:

- banks, insurers and reinsurers (but not insurance brokers)
- public-sector bodies
- further-education establishments, if they are grant-funded
- state-funded primary and secondary schools

The government will work with approved lenders on a similar basis to the Coronavirus Business Interruption Loan Scheme (CBILS). The list of approved lenders will include the high street banks and you should apply directly with your existing bank if they are on the approved list. Some banks are accepting applications from non-customers. The current list can be found here:

<https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/bounce-back-loans/current-accredited-lenders-and-partners/>

Application process

The application process opened on 4th May and should be made directly with the lender. It is a straight forward online application form and funds are expected to be in the bank account within 1-2 working days following completion of the application.

How does it work with CBILS?

You cannot apply if you have already received a CBILS loan. If you do have a CBILS loan which is under £50,000 you can arrange with your lender to swap this to the Bounce Back Loan scheme up to 04/11/2020.