

## **Covid-19 - Latest Update: 4 May 2020**

### **Bounce Back Loan Scheme Goes Live (Loans of up to £50,000)**

The Government announced the launch last week of a new Bounce Back Loan Scheme which will enable businesses to borrow up to £50,000 which will be entirely underwritten by the Government. Full details have been provided this morning and applications have gone live.

#### **Scope of Scheme**

The Bounce Back Loan Scheme is a new scheme introduced to help smaller businesses impacted by coronavirus (COVID-19). It aims to assist those businesses to borrow between £2,000 up to 25% of a business' turnover (the maximum amount available is £50,000).

The Government will cover any interest payable in the first 12 months and lenders will benefit from a 100% government-backed guarantee. No personal guarantees may be taken by the lender.

The government has set the interest rate for this loan at 2.5% per annum and the repayment term is fixed at six years. No repayments will be due during the first 12 months. Businesses remain 100% liable to repay the full loan amount, as well as interest, after the first year.

The Scheme will be delivered through a network of accredited lenders.

#### **Eligibility**

Almost all businesses (a business being a UK limited company or partnership) undertaking trading or commercial activity in the UK will be eligible, regardless of size, providing the business was operational at 1 March 2020 and was not a "business in difficulty" as at 31 December 2019.

Businesses that have already accessed other Government Covid loan schemes will not be eligible, unless the Bounce Back loan is used to refinance an existing government loan. It may be beneficial to refinance other government loans up to the £50,000 limit where the terms are more favourable, for instance the 2.5% interest rate.

Full eligibility criteria and other information are available here: <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-schemes/bounce-back-loans/faqs-for-small-businesses/#f1>



## Application Process

Applications must be made in the first instance online directly to an accredited lender under the scheme. The initial application includes an on-line self-assessment confirming eligibility. A list of accredited lenders 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/>

The stated intention is that applications will be processed and decisions made and funds made available within a few days, subject to KYC and anti-fraud checks.

## Further Developments and Assistance

This remains a fast-moving situation and further announcements may be made at any time. The Chancellor has made it clear that these measures may be supplemented at short notice dependent on developments.

Verfides will endeavour to keep all clients updated as soon as further information becomes available or additional measures are announced. In the meantime, please speak to your usual Verfides contact for further assistance, or email or call the Tax Team: [tax\\_team@verfides.com](mailto:tax_team@verfides.com); call +44 20 7930 7111.

London, 4 May 2020.