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## Coronavirus Financial Update 28 April 2020 – Bounce Back Loans

On 27 April chancellor Rishi Sunak announced a new simplified government backed **Bounce Back Loan** scheme (Microloans) available to most small or medium sized businesses who have been negatively affected by coronavirus and need to borrow between £2,000 and £50,000.

The existing CBILS (Coronavirus Business Interruption Loan Scheme) will still be available for larger loans but many smaller businesses cannot meet the conditions laid down for CBILS.

The application process for the new scheme will be simple, the limited qualification rules will mean most businesses should be eligible and the funds could be available within 24 hours of applying.

### Key points:

- The scheme should be up and running for online applications to banks on Monday 4 May.
- Applications should be made on one simple standard form.
- Subject to the minimum £2,000 and maximum £50,000 businesses can apply for loans of up to 25% of their annual turnover.
- There is no limit on the size of firm which can apply.
- To be eligible, businesses must be based in the UK, must have been negatively affected by coronavirus and must not have been in financial difficulties on 31 December 2019.
- Businesses already turned down for a CBILS loan will be able to apply for a Bounce Back Loan.
- Businesses cannot have both a Bounce Back Loan and a CBILS loan.
- The loan will be available for almost any business. The only exclusions are banks, insurance and re-insurance companies, state funded primary and secondary schools and grant funded further education establishments.
- Repayment periods can be up to 6 years.
- No repayments will be due in for the first 12 months, the government will pay all fees and interest for that period and the interest rate for the remaining years should be low.
- The banks need to carry out only limited checks enabling the funds to be released quickly.
- The government will underwrite 100% of the new Bounce Back Loans so the banks will not be asked to risk their own capital.

### Please remember:

1. **This is a loan and will need to be repaid. The government guarantee will only apply in the event of the borrower's insolvency.**
2. **If you trade through a limited company, you cannot use the funds from CBILS or Bounce Back Loan schemes to pay dividends if the company does not have adequate retained profits. Doing so could have expensive tax and personal financial implications later.**

We are available to answer any questions you may have about government support in these difficult times but in the first instance, please click [here](#) To see the latest updated advice from the UK government.