

## Small businesses boosted by "bounce back" loans.

### New 100% government backed loan scheme for small businesses.



#### To all our clients and friends,

Small firms are to get access to 100% taxpayer-backed loans after many raised concerns about slow access to existing coronavirus rescue schemes, the Chancellor announced yesterday, April 27th.

- **Businesses will be able to borrow between £2,000 and £50,000 and access the cash within days**
- **Loans will be interest free for the first 12 months, and businesses can apply online through a short and simple form**
- **We will update you as we receive more details**

Chancellor Rishi Sunak told the House of Commons the scheme would start next week, offering firms loans **up to £50,000** within days of applying.

It aims to unlock a backlog of credit checks by banks amid fears many small firms could fold before getting loans. The scheme requires applicants to fill in a two-page self-certification form online.

The scheme has been designed to ensure that small firms who need vital cash injections to keep operating can get finance in a matter of days, and comes alongside the £6 billion awarded in business grants, supporting 4 million jobs through the job retention scheme and tax deferrals supporting hundreds of thousands of firms.

The Chancellor of the Exchequer, Rishi Sunak, said:

***"Our smallest businesses are the backbone of our economy and play a vital role in their communities. This new rapid loan scheme will help ensure they get the finance they need quickly to help survive this crisis."***

The loan terms mean that no capital or interest repayments will be due for one year. Instead, the government will pay the interest for the first 12 months.

Banks have come under fire for delays in handing out loans, but have blamed the heavy

workload, need to complete the necessary credit checks, and a shortage of staff.

Mr Sunak had come under pressure to underwrite all loans, not just those up to £50,000. But he told the Commons that he was not prepared to do this as he needed to balance the risk to the taxpayer with the needs of small businesses. He said:

***"I've heard some calls for the government to underwrite all our loan schemes with 100% guarantees. I remain unconvinced by the case for doing that universally. We should not ask the ordinary taxpayers of today and tomorrow to bear the entire risk of lending almost unlimited sums to businesses who may, in some cases, have very little prospect of paying those loans back and not necessarily because of the impact of the coronavirus."***