



Burgis & Bullock
Chartered Accountants

BOUNCE BACK LOANS

Eligibility

5th May 2020



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On 27 April, the UK Government announced a new loan scheme aimed at supporting SMEs that have been unable, or unwilling to access the existing CBILS loans

The new microbusiness loan scheme was opened on May 4 and we are already seeing funds delivered to successful applicants within 24 hours.

Businesses are able to borrow between £2,000 and £50,000 and access the cash the next day.

- Loans are for up to 6 years with no repayments for the first 12 months
- Loans are also interest free for the first 12 months, and businesses can apply online through a short and simple form
- There are also no early repayment fees

The microbusiness Bounce Back Loans scheme is capped at 25% of turnover.

In order to qualify a business must:

- be based in the UK
- have been negatively affected by coronavirus
- was not an 'undertaking in difficulty' on 31 December 2019 **OR** if it was an 'undertaking in difficulty' then they **can still apply for a loan** provided that they have not received more than £177,000* of State Aid (including the loan value) to date.
- If an undertaking in difficulty any loan must not be used for export related activities.

You cannot apply for a Bounce Back loan if already claiming under the CBILS scheme, however we are seeing many businesses who have been declined a CBILS loan successfully applying for the Bounce Back Loan and receiving funds within 24 hours

The ability for businesses with negative balance sheets to apply for the Bounce back Loan is welcomed as many smaller businesses operate with little or negative assets, often due to directors financing by personal loans and credit cards. These businesses are vital to the ongoing recovery of the economy and the ability to access this finance will be a literal lifeline to these businesses.

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* smaller state aid limits apply for businesses in Agriculture, Fisheries or Transport.

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