

ASHTON WHEELANS

Small Business Cashflow Loan Scheme (SBCS)

On Tuesday the 12th of May applications opened for the Small Business Cashflow Loan Scheme. Eligible businesses and organisations can access interest free loans of up to \$100,000 depending on their size. To be eligible businesses and organisations must:

- Have less than 50 full-time equivalent (FTE) employees
- Have a decrease in revenue of 30% or more
- Be a viable business. To find more guidance on what viable means click [here](#)

Highlights of the package include:

- A base loan of \$10,000 and an additional \$1,800 for every FTE employee up to a maximum of 50 employees. For example, a business who employees 5 full time employees will be eligible for \$19,000 (\$10,000 base plus \$1,800 x 5).
- Loans will be interest free if repaid within the first year, otherwise an interest rate of 3% will be applied.
- No repayments are required within the first 24 months. The maximum term of the loan is 5 years.
- The scheme is open to organisations, sole traders, self-employed, and companies.
- Applications are open from 12 May 2020 – 12 June 2020 (inclusive of those dates).
- Applications can be made through myIR, in the 'I want to' section then select 'Apply for a Small Business loan'. Businesses without a myIR account will need to create one to apply for the SBCS loan. Businesses can also apply by sending a secure mail through myIR or complete the 'Request a call back form'.
- Loans are not subject to income tax or GST and you can claim as deductible expenditure the operating expenses paid for with the loan funds.

Adding further debt to your business needs to be carefully considered. Additional debt will increase the operating cost of your business as interest will need to be serviced. Even though the SBCS loan is interest free for 12 months, interest will then need to be paid after the interest free period. If you are thinking about applying for a SBCS loan you should also consider your future financing needs. As this scheme is being administered by Inland Revenue there is a possibility the debt will rank above bank debt in a liquidation. If you apply for finance in the future banks will take into consideration any outstanding debt relating to the SBCS which may limit your borrowing capacity.

Businesses and organisations must keep evidence proving they are viable and have a plan to remain viable. If you would like assistance assessing your viability, advice on what constitutes evidence, or help creating a plan to ensure your ongoing viability please contact the Chamber or their specialist partner Ashton Wheelans. To view the terms and conditions of the loan click [here](#).