

Coronavirus Business Interruption Loan Scheme

What is it?

A loan scheme that has been set up to help small and medium-sized enterprises (SMEs) that are struggling with cash flow because of revenues that have been deferred or lost due to the [coronavirus](#) outbreak. The loans are being offered on generous terms to support SMEs.

Who is eligible?

Any UK-based business that has a turnover less than £45m is eligible for the Coronavirus Business Interruption Loan Scheme. Businesses are eligible if they have been disrupted by coronavirus and need to self-certify that this is the case.

What it covers

The Coronavirus Business Interruption Loan Scheme allows SMEs to access a loan between £1,000 and £5m.

The loan scheme covers several business financing services, including term loans, overdrafts, asset finance and invoice finance.

Finance terms are up to six years for loans and asset finance facilities. For overdrafts and invoice finance facilities, terms are up to three years.

The loans are offered through a [number of finance providers](#) and are backed by a government guarantee that covers up to 80% of the balance. This will enable lenders to turn 'no' financing decisions into more 'yes' decisions.

Interest and fees for the loans will be paid by the government for the first 12 months.

How your business can access it

The Coronavirus Business Interruption Loan Scheme is available now and is operated by [more than 40 accredited lenders](#), including high street banks that offer services to SMEs. Your first step should be to speak to your current banking provider.

To access the funding, you need to confirm that your turnover is less than £45m. You also have to provide a borrowing proposal that would be considered viable by the lender if the coronavirus disruption was taken out of the equation.

In addition, you need to demonstrate that the provision of finance will allow your business to trade out of any short to medium term difficulty.

Lenders won't ask you for personal guarantees on savings or property for loans that are less than £250,000. For loans that are more than this amount, banks might ask for personal guarantees.

It's worth remembering that the borrower always remains 100% liable for the debt.

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Adam leads the global Sage product compliance team, where he tracks changes in legislation, collaborates with national tax authorities, and advocates for business efficiency, security and automation.