

Latest Covid-19 - Cashflow Loans and Assistance for Businesses

Small Business Cash Flow Loan

Organisations and small to medium businesses, including sole traders and the self-employed, may be eligible for a one-off loan with a term of five years if they have been adversely affected by COVID-19.

The maximum amount loaned is \$10,000 plus \$1,800 per full-time-equivalent employee. The maximum loan is \$100,000. Sole traders can receive a loan of up to \$11,800.

Only one loan application can be made, and no amendments can be made after the loan has been applied for.

The annual interest rate is 3% beginning from the date of the loan being provided. Interest will not be charged if the loan is fully paid back within one year.

Eligible businesses and organisations

A business or organisation is eligible for the SBCS loan in any of the following circumstances:

- if you included all your employees in the wage subsidy application, you are eligible for the SBCS loan if your wage subsidy was \$351,480 or less (this equates to 50 full-time employees)
- if you have received the wage subsidy only for some of your employees, or
- if you did not apply for the wage subsidy but are eligible for a wage subsidy of \$351,480 or less if you were to apply for all your employees.

How to Apply

Inland Revenue will administer the payments and repayments of this scheme. Applications are open from 12 May 2020 to 12 June 2020 inclusive.

Businesses and organisations are able to apply for the SBCS loan through myIR. In the “I want to” section of myIR, select “Apply for a Small Business loan”. Businesses without a myIR account will need to create one to apply for the SBCS loan.

In order to apply for the SBCS loan, applicants will need to do the following:

- provide their New Zealand Business Number (NZBN) — businesses and organisations without an NZBN will need to obtain one before applying for the loan
- confirm their business or organisation is experiencing a minimum 30% decline in actual or predicted revenue from January 2020 to June 2020 as defined in the wage subsidy scheme
- confirm their business or organisation existed before 1 April 2020
- confirm their business or organisation is viable and ongoing, has a plan to ensure it remains viable and ongoing, and there is evidence that Inland Revenue can use to check this
- confirm the loan will be used to pay for core operating costs (including, but not limited to, rent, insurance, utilities, supplier payments or rates)
- confirm the loan will not be passed through to the shareholders or owners of the business or organisation, for example, by a dividend or a loan to the shareholders or owners
- agree to the loan terms.