

WGANZ COVID-19 BULLETIN 11 May 2020

Dissatisfaction with banks lead to Government [Small Business Cashflow Loan Scheme](#)

The Minister of Finance and Minister of Revenue has announced the Small Business Cashflow Loan Scheme, which will provide assistance of **up to \$100,000** to firms employing up to 50 full time equivalent employees. The loans are **interest free for the first year and no repayments are required for the first two years**.

“It has become clear that the support that is available to our small and medium businesses from banks is not meeting their needs nor our expectations as a Government. That is why we have moved to provide this scheme to give some much needed cashflow,” Grant Robertson said.

“The scheme will provide **\$10,000 to every firm** and in addition **\$1800 per equivalent full-time employee**. Loans will be interest free if they are paid back within a year. The interest rate will be 3% for a maximum term of five years.

“We recognise that many businesses have had little or no revenue through Alert Level 4 and Level 3. This scheme is designed to give them access to cashflow to meet fixed costs on concessionary terms,” Stuart Nash said.

“The **eligibility criteria are the same as for the Wage Subsidy Scheme**. Businesses will also have to declare that they are a viable business, they will use the money for core business operating costs and enter into a legally binding loan contract.”

“We are targeting this scheme to those who have a viable business but have been put in a position of not generating any revenue. These kinds of terms are not available anywhere else. We are committed to sharing the burden of the impacts of COVID-19. As a responsible Government we must ensure we are using taxpayer money carefully as we provide support for business,” Grant Robertson said.

“We understand the importance of getting this money to businesses as soon as possible. The scheme will be **administered by Inland Revenue** who will be taking applications from the **12th of May**, and will **pay out very shortly thereafter**,” Stuart Nash said.

“By helping small and medium-sized businesses to pay their fixed costs, in addition to the tax changes, wage subsidy, commercial property measures and consultancy support already available - we now have a substantive package to help these firms and sole traders get through this phase and into recovery.”

“The Government is [also making changes](#) today to the criteria for the previously announced [Business Finance Guarantee Scheme](#), including **removing the requirement for a General Security Agreement**. Further changes to the scheme will also be considered to ensure it plays a useful part in providing support to businesses,” Grant Robertson said.

More details [here](#) and [here](#).

This bulletin is brought to you by Advicewise People - 0800 692 384. If you have any questions or would like to discuss the bulletin above, please call Philip or Anthony.
