



Government Expands Small Loan Scheme

The government has announced an expansion of the small business loan scheme (SBLS), a COVID-19 related support measure where the government lends directly to businesses.

The SBLS is now available in the following circumstances:

- Business has 50 or fewer staff (full-time),
- Loan has maximum amount of \$10,000, plus \$1,800 per full-time equivalent employee (to a maximum loan of \$100,000),
- Annual interest rate of 3% from the date of the loan being drawn down (unless the loan is paid back within two years, in which case it is interest free),
- The loan can cover core operating costs or capital costs.

Previously the scheme would only cover core operating costs and the loan needed to be paid back within one year for it to be interest free. The maximum loan term is five years.

The scheme was originally supposed to end at the end of this year, but applications will also now be open until 31 December 2023.

There have also been indications that further tweaks may be made as the economic/ COVID-19 situation evolves. Some of these tweaks may require legislative changes.

This is welcome news, especially the ability to use the SBLS to purchase capital items and the extended application period through to 2023.

Please note the SBLS differs from the Business Finance Guarantee Scheme. The Business Finance Guarantee Scheme involves businesses borrowing money from banks on usual commercial terms with the government taking 80% of the risk. We understand there has been some hesitancy by the banks to lend funds under the Business Finance Guarantee Scheme, (see our comments [here](#)) and that scheme is also being reviewed.

If you have any queries about the SBLS or would like assistance, please contact your Baker Tilly Staples Rodway advisor.

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