

Interest free loans for viable small NZ businesses

The Government's Cashflow Loan Scheme targets viable small businesses which are not generating any revenue.

IN BRIEF

- Scheme will provide assistance of up to \$100,000
- Loans will be interest free if they are paid back within a year
- Businesses will have to declare they are viable

One-year interest free loans to small businesses impacted by the COVID-19 economic shock aim support immediate cashflow needs and meet fixed costs.

The Government says its Small Business Cashflow Loan Scheme will provide assistance of up to \$100,000 to firms employing 50 or fewer full time equivalent employees.

“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,” said Finance Minister Grant Robertson.

“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. Repayments are not required for the first two years.”

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.”

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.

The Government also announced it was making changes to the criteria for the previously announced Business Finance Guarantee Scheme, including removing the requirement for a General Security Agreement.

Read more : Legislation

<http://www.legislation.govt.nz/bill/government/2020/0240/latest/whole.html#whole>