



# Government grants and loans

Application

APPROVAL

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Several measures to support businesses were announced at Spring Budget 2020 and subsequently extended by the Chancellor. HMRC has published guidance on the support available to businesses. These include:

- an automatic 12-month business rate holiday for all retail, hospitality, leisure and child nursery businesses in England
- small business grant funding of £10,000 for all businesses in receipt of small business rate relief or rural rate relief grants
- grant funding of £25,000 in England for retail, hospitality and leisure businesses with property with a rateable value between £15,000 and £51,000
- similar grant funding schemes in Scotland, Wales and Northern Ireland
- the Coronavirus Business Interruption Loan Scheme (CBILS) to support small and medium-sized enterprises (SME) with cash flow pressures by providing access to bank lending and overdrafts
- the Coronavirus Large Business Interruption Loan Scheme (CLBILS) to support large businesses, with an annual turnover of between £45 million and £500 million, to access loans of up to £25 million
- a new lending facility from the Bank of England, the Covid Corporate Financing Facility, to help support liquidity among larger firms, helping them bridge coronavirus disruption to their cash flows through loans

Business rates and grant funding are administered by local authorities. The business rates holiday is applied automatically, and local authorities should write to eligible businesses with a restated 2020/21 bill.

Similarly, local authorities should write to businesses that are eligible for the £25,000 grant with further details. Any questions as to the eligibility for the business rates holiday or provision of the grant should be directed to the local authority.

The small business grant funding requires businesses in Northern Ireland to make an application for the grant and provide bank details. In Wales, businesses will need to provide details to their local authority to make the claim.

The Coronavirus Business Interruption Loan Scheme (CBILS) is being delivered by the British Business Bank. The Government will provide lenders with a guarantee of 80% on each loan (subject to a per-lender cap on claims) and will not charge businesses or banks for this guarantee. The scheme will support loans of up to £5 million in value. Businesses can access the first 12 months of that finance interest-free, as the Government will cover the first 12 months of interest payments. The intention behind this scheme is to give lenders confidence to continue to lend to SME, but there has been criticism that firms have not been able to, or have been unwilling to, access the loans as intended.

On 3 April 2020, the Chancellor announced changes to the scheme to maximise the support available. Any viable SME is now able to access the scheme, and not just those unable to secure regular commercial financing. In addition, lenders are no longer permitted to request personal guarantees for loans under £250,000. For loans over £250,000, personal guarantees are limited to 20% of any amount outstanding on the loan after any other recoveries from business assets, and the guarantee cannot include the borrower's house.

On the same day, the Coronavirus Large Business Interruption Loan Scheme (CLBILS) was also announced. It provides a Government guarantee of 80% to enable banks to make loans of up to £25 million to firms with an annual turnover of between £45 million and £500 million which are unable to secure regular commercial financing. Loans backed by a guarantee under CLBILS will be offered at commercial rates of interest, and further details of the scheme will be available later this month.

## **Additional support in Scotland, Wales and Northern Ireland**

*In addition to the measures listed above:*

- in Scotland, extra reliefs are being offered from business rates, and grants can be accessed through a business support fund
- in Wales, additional support is being offered through grants, capital repayment holidays and an Economic Resilience Fund targeting businesses that will not benefit from other measures
- in Northern Ireland, there is an emergency rates package through which all businesses will pay zero-rates for three months



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