



New **EIDL Advances Do Not Reduce Forgiveness**

Previously, based on the CARES Act, businesses who received an EIDL Advance in addition to the Paycheck Protection Program (PPP) loan would have the amount of the EIDL Advance subtracted from the forgiveness amount of their PPP loan. That has now changed with the passage of the recent COVID Relief Bill (new act), signed into law on December 27, 2020.

Prior to the passage of the new act, borrowers that received an EIDL Advance had that amount subtracted from their total forgiveness, which, in effect, had the effect of repaying the EIDL Advance. The latest stimulus bill that passed in December now provides that EIDL Advances will not reduce PPP loan forgiveness. The Small Business Administration (SBA) has indicated that borrowers that already received forgiveness, and had their EIDL Advance deducted from such forgiveness, may be able to amend their forgiveness applications. Further guidance is expected to be issued by the SBA.

Disclaimer: This information is based on our current understanding of the EIDL Advances contained in the latest stimulus bill of December 27, 2020. This information is subject to change by the SBA and possibly other governmental agencies. Although we make every effort to assure our information is current and accurate, you should not rely solely on this information for your financial decisions. You should always consult with your lawyer(s), accountant(s), financial advisor(s), and other professionals as you deem appropriate.