



New COVID Relief Bill Signed into Law 12/27/20 Includes Funding for PPP Loans

New borrowers and repeat borrowers are eligible for PPP loans

- New PPP loans for small businesses are available for first time borrowers
- Businesses that received a previous PPP loan can apply for and receive a second one
- Businesses apply for PPP loans through their bank
- Deadline for all new PPP loan applications is March 31, 2021
- PPP loans are forgivable

To qualify

- Business needs to show that revenue declined by more than 25% in at least one quarter of 2020
- New PPP loans based on average monthly payroll-costs times 2.5 and capped at \$2 million

Business size restrictions

- New borrower (first time) – no more than 500 employees
- Previous PPP loan recipients – no more than 300 employees
- New preference for business with no more than 10 employees

Previous PPP loan recipients

- To qualify for another (second) PPP loan, a must prove previous PPP funds were spent or in process of being spent
- To qualify for second PPP loan – no more than 300 employees

Taxes

- PPP loans that are forgiven are not taxable (forgiven amount is not treated as income)
- PPP loan money used to for payroll costs and eligible expenses can be deducted

New allowances for expenditures

- Purchases of personal protective equipment and sanitation (hand sanitizer etc.)
- Payments to suppliers considered essential to the business's operations
- New allowance for services including remote-work software, cloud computing, and accounting

Updated PPP loan forgiveness application 3508S

- One-page PPP loan forgiveness form 3508S will be updated for PPP loans up to \$150,000
- Businesses not required to submit documentation (3508S), but should keep it for possible audit

Small Business Administration (SBA) and Banks

- SBA has 10 days (from Dec 27) to develop and implement new rules for PPP loans
- Banks will have new online applications for PPP loans available by the end of January

Contact your bank and apply for a PPP loan – new borrowers or a second PPP loan!

This information is based on our current understanding of the updated Paycheck Protection Program. 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.