

Paycheck Protection Program (PPP) Updates

On June 19, the Small Business Administration (SBA) published an [Interim Final Rule](#) relating to the Paycheck Protection Program (PPP). The changes reflect provisions in the Paycheck Protection Program Flexibility Act ([Flexibility Act](#)), which was signed into law on June 5. These provisions address the maturity, deferral, and forgiveness of PPP loans.

***** Note the PPP application deadline is August 8, 2020 *****

Key Changes

- **Maturity date extension:** Loans made after 6/5/20: extends from 2 to 5 years. Loans prior to 6/5/20 can be extended if borrower and lender agree.
- **Loan forgiveness:** Covered period extended from 8 to 24 weeks. Borrowers with loans prior to 6/5/20 can still choose the 8-week period.
- **Payroll spending to obtain forgiveness:** Reduced from 75% to 60%. Partial forgiveness is still available if payroll expenses don't reach 60%.
- **Employee rehire period:** Extends date to replace full-time equivalent employees (FTEs) and restore salaries from 6/30/20 to 12/31/20.

Owner Compensation Calculation

Either:

- 8 weeks' worth (8/52) of 2019 net profit (up to \$15,385) for an 8-week covered period, or
- 2.5 months' worth (2.5/12) of 2019 net profit (up to \$20,833) for a 24-week covered period

Employee Compensation

- Payroll costs now up to \$46,154 per individual for 24 weeks (\$100,000 cap/52 x 24).
- Payroll costs include salary, wages, tips, and covered benefits for employees (but not owners), including health care expenses, retirement contributions, and state taxes imposed on employee payroll paid by the employer (such as unemployment insurance premiums).

Non-payroll expenses

- Non-payroll expenses include covered rent, mortgage, and utility payments.
- Loan forgiveness amounts also extended to 24 weeks.

Two new applications

- [Revised full-loan application](#)
- [EZ Version](#) – available for borrowers who:
 - Are self-employed, independent contractor, or sole proprietor with no employees when applied, OR
 - Did not reduce employees or their hours, and did not reduce salary or wages of any employee more than 25%, OR
 - Did not reduce salary or wages of any employee more than 25%, and was unable to operate during the Covered Period at the same level of business activity as before February 15, 2020 (based on government requirements/guidance).