

Paycheck Protection Program (PPP) Flexibility Bill Passed

Clients & Friends -

A couple of weeks ago, we shared the details of the PPP Flexibility Act with you. As with most of the stimulus legislation that has passed, there continues to be guidance and clarification released from the Small Business Administration (SBA) and the Department of the Treasury. This email is intended to provide updates to some of the key points in the Act.

- PPP borrowers who received loans *prior to June 5* have the option to extend the 8-week period to 24 weeks.
- Borrowers who receive loans *June 5 or later* have a covered period of 24 weeks after the loan proceeds are received.
- The 75% payroll expenditure requirement was reduced to 60%. This is good news for borrowers because the loan amount is based on 10 weeks of payroll, so borrowers may have a good chance of meeting the 60% requirement with the covered period extended to 24 weeks.
- Payroll caps for loan forgiveness have been increased:
 - For owner-employees and self-employed individuals:
 - 8 weeks - \$15,385
 - 24 weeks - \$20,833
 - For non-owners:
 - 8 weeks - \$15,385
 - 24 weeks - \$46,154
- Non-cash compensation has also been updated:

	Eligible?	
	Health Ins.	Retirement
Self-employed (Schedule C/F)	no	no
General Partner	no	no
S corp owner-employee	no	yes (but included in cap)
C corp owner-employee	yes (but included in cap)	yes (but included in cap)

- It is anticipated that banks will not begin processing loan forgiveness applications until mid-July at the earliest; some banks won't be processing until late August.
- Loan payments are deferred until the SBA determines the amount of loan forgiveness and remits that information to the lender. The initial deferral period was 6 months. Keep in mind that if a borrower doesn't apply for forgiveness within 10 months after the last day of the covered period, payments will be required at that 10th month.

As we noted above, we'll continue to provide updates and clarification as guidance is issued. As a matter of fact, we understand that new FAQs will likely be released by the SBA/Treasury in the coming days.

For the latest information and updated forms, please visit our [COVID-19 news and updates page](#).

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