

Guidance Issued on PPP Loan Forgiveness for Loans Less than \$50k & Deadline Change for ADOR Tax Licenses

Clients & Friends -

We have some updates to pass on from both the Treasury Department/Small Business Administration (SBA) as well as the Alabama Department of Revenue (ADOR).

PPP Loan Forgiveness Applications – Loans of \$50,000 or Less

Last week, SBA, in consultation with the Treasury Department, released updated guidance and a simpler loan forgiveness application for Paycheck Protection Program (PPP) loans of \$50,000 or less. The new Form, Form 3508S, removes several of the issues that make the standard application for forgiveness so confusing and time-consuming for small borrowers. Specifically, SBA Form 3508S requires fewer calculations and less documentation for eligible borrowers. Borrowers that use SBA Form 3508S are exempt from reductions in loan forgiveness amounts based on reductions in full-time equivalent (FTE) employees or in salaries or wages. In addition, Form 3508S does not require borrowers to show the calculations used to determine their loan forgiveness amount. Keep in mind, however, that SBA may request information and documents to review those calculations as part of its loan review process.

The guidance and simpler Form are welcome relief for small businesses. The bottom line is that businesses with loans of \$50,000 or less, that spend their PPP funds on qualified expenses (payroll costs, rent, utilities, mortgage interest), will likely be able to have their entire loans forgiven, even if there is a workforce or wage reduction.

[Click here](#) for Form 3508S and [click here](#) for the instructions to complete the form. Please reach out to us with questions or for assistance in making any necessary calculations.

ADOR Issues Notice that Affects Thousands of Businesses

On October 1, the ADOR posted a notice that Alabama taxpayers holding either an ADOR-issued sales tax, rental tax, sellers use tax, lodgings tax, utility gross receipts tax, or Simplified Sellers Use Tax (SSUT) license must renew that license between November 1 and December 31 of this year- and every year thereafter. Thus, current licenses in these categories will automatically expire as of December 31, 2020 and, most importantly, won't be valid beyond that date when the holder attempts to make a tax-exempt purchase for resale or for rental purposes. Please note that consumer use tax licenses are not listed.

The ADOR also reminded taxpayers that if they reorganize as a different type of business entity, they must apply for a new tax license. For example: if a retailer elects to change its federal/state tax classification from a single member LLC or multi-member LLC classified as a sole proprietorship or partnership, respectively, to an "S" or "C" corporation.

If your business holds one of the licenses noted above, please mark Monday, November 2 on your calendar. The renewal process can be done online through the ADOR's ["My Alabama Taxes" \(MAT\) website](#).

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