



This COVID-19 update email covers upcoming legislation that significantly updates the Paycheck Protection Program (PPP). President Trump is expected to sign a bill extending the program's length and making changes to forgiveness qualifications. This email includes a high level overview of expected changes. We will update you again when there is more information available and when official guidance from the SBA comes out on rules for applying for forgiveness. The deadline for applying for the PPP program remains June 30, 2020.

Following is a summary of the legislation's main points compiled from the AICPA and other reliable sources:

- Current PPP borrowers can choose to **extend the eight-week period to 24 weeks**, or they can keep the original eight-week period. New PPP borrowers will have a 24-week covered period, but the covered period can't extend beyond Dec. 31, 2020. This flexibility is designed to make it easier for more borrowers to reach full, or almost full, forgiveness.
- The **payroll expenditure percentage as a portion of all expenses drops from 75% to 60%**, but additional clarification will be needed from the SBA on whether there will be a sliding scale for forgiveness beyond that level or if there will be a cliff in which the loan is no longer forgivable. We expect more clarification in the coming weeks as the program is developed and the legislation is interpreted by the SBA.
- Borrowers can use the 24-week period to restore their workforce levels and wages to the pre-pandemic levels required for full forgiveness. The **deadline for restoring workforce is changed to Dec. 31**, a change from the previous deadline of June 30.
- The legislation adds and clarifies **exceptions allowing borrowers to achieve full PPP loan forgiveness even if they don't fully restore their workforce**. Businesses can exclude from their payroll calculations employees who turned down good faith offers to be rehired at the same wage and hours, positions for which the business cannot find qualified employees, or positions eliminated because the business is unable to restore operations to levels as of February 15th due to impacts from COVID-19.
- New borrowers now have **five years to repay the loan** instead of two. Existing PPP loans can be extended up to 5 years if the lender and borrower agree. The interest rate remains at 1%.
- The bill allows businesses that took a PPP loan to also **delay payment of their payroll taxes**, which was prohibited under the CARES Act.

We will continue to keep you up to date on changes to business relief programs and when guidance on this new legislation is released by the SBA. We also expect another general stimulus bill will be passed this summer, likely in June, and will keep you informed as legislation develops.