

Paycheck Protection Program (PPP)

\$284 billion appropriated for additional round of PPP and includes several carve-outs:

- \$35 billion set aside for first-time borrowers
- \$25 billion is set aside for smaller organizations with 10 employees or less, or loans less than \$250,000 in low-income areas
- \$15 billion set-aside for lending through community financial institutions, including Community Development Financial Institutions and Minority Depository Institutions to increase access for minority-owned and other underserved small businesses and nonprofits
- Allows for small businesses in the restaurant and hospitality industries to receive larger awards of 3.5 times average total monthly payroll, rather than 2.5 times
- 501c6 organizations eligible to participate with some restrictions
- PPP is extended until March 31, 2021
- Borrower may select their covered period end date, between 8 and 24 weeks after origination

Establishes criteria for those seeking a 2nd draw of PPP funding:

- Max loan amount of \$2 million
- For organizations with less than 300 employees
- Must have used or will use the full amount of first PPP loan
- Must show at least a 25% reduction in revenue in the first, second, or third quarter of 2020 as compared to the same period in 2019; applications submitted on or after January 1, 2021, may use a fourth quarter 2020/2019 comparison
- 60/40 cost allocation between payroll and non-payroll costs to receive full forgiveness remains the same for 2nd Draw

Tax issues resolved:

- Gross income does not include any forgivable amount of the PPP loan
- Deductions are allowed for deductible expenses paid for by any forgiven amount from PPP loan

Forgiveness simplified:

- Loans less than \$150,000 require simple certification in the form of a one-page letter from the borrower to the lender stipulating basic criteria and providing simple, high-level details

Eligible uses expanded:

- Covered operations (software, tech, human resources, etc.), covered property damage (associated with 'disturbances' happening during 2020), covered supplier costs (supplies, inventory, etc.), covered health and safety expenses (PPE, testing, etc.) were further clarified as eligible uses of PPP loans and eligible for forgiveness
- Benefits such as life insurance, disability insurance, vision and dental were also clarified to be eligible covered expenses