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Thomas Jefferson defined *rightful liberty* as “unobstructed action according to our will within limits drawn around us by the equal rights of others—I do not add ‘within the limits of the law,’ because law is often but the tyrant’s will, and always so when it violates the right of an individual.”

Update

Coronavirus Assistance – Paycheck Protection Program (PPP)

Convert the PPP Loan to a Grant

Possible Changes by Congress

New Guidance Issued

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Possible Changes by Congress

As we stated in previous Updates, some small businesses may find it difficult to convert the entire PPP Loan to a Grant based upon the calculations required, i.e., 75% of the PPP Loan must be used for payroll—up to \$100,000 annually per person prorated—with only 25% for rents, mortgages, and utilities paid over a specific 8-week period.

The Senate may vote this week on a Bill that would double the loan forgiveness period from 8-weeks to 16-weeks. In addition, the House is expected to vote this week on “standalone legislation” extending the loan forgiveness period to 24-weeks and eliminating the rule requiring PPP Borrowers to spend at least 75% of the loan proceeds on payroll costs to qualify for full loan forgiveness. And, a separate Senate Bill exists that would follow the House proposal of 24-weeks and elimination of the 75% rule.

Stay tuned... good things might just happen this week?!

New Guidance Issued

The U.S. Treasury and the U.S. Small Business Administration (SBA) issued guidance last Friday night. At one point, it was believed that the 8-week period or 56-days began on the date the PPP Loan proceeds was received and in your Bank account. Under the recently issued guidance, businesses/borrowers can elect an alternative period if they have biweekly or more frequent pay cycles; the 8-week or 56-day period would begin the first day of the pay period following the receipt of the PPP Loan funds.

Bonuses, hazard pay, salaries, wages, and commission payments to furloughed employees are eligible but cannot exceed a prorated amount of \$100,000 per person annual salary, or specifically, \$1,923 per week for a maximum of \$15,385 per individual, for the 8-week period covered.

For self-employed individuals and general partners, no additional forgiveness is provided for retirement or health insurance contributions.

Non-Returning Employees – Must Notify Unemployment Office

As previously discussed in past updates, you have until June 30, 2020 to get all your employees back to work. For those employees that do not accept your written offer to return to work, they may be excluded from the count provided that you “notify the state unemployment office of an employee’s rejected offer within 30 days of rejection.”

Loan Forgiveness Application Available – May Change

The SBA has issued an 11-page Paycheck Protection Program Loan Forgiveness Application, SBA Form 3508, available at <https://www.sba.gov/document/sba-form--paycheck-protection-program-loan-forgiveness-application>. However, this is likely to change should Congress act on the Bills discussed above. And remember, even if Congress does not make any changes to the PPP Loan Program, you most likely have until the end of October 2020 to apply for loan forgiveness (e.g., the Expiration Date of the Loan Forgiveness Application is October 31, 2020), which coincides with no required loan payments for 6-months, if not forgiven and converted to a grant.

We can only hope that Congress acts this week and does the right thing!

Stay Tuned for More Information

Please visit our website (www.jeffersoniangroup.com) often to keep informed through our Blogs and Free Newsletters. **SIGN UP NOW, so you never miss important updates!**

Best of luck and stay safe,

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