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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)

Converting PPP Loan to a Grant

Congress Did the Right Thing

New Requirements - Loan Forgiveness

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New Requirements – Loan Forgiveness

As 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.

Last night the Senate unanimously passed the House version increasing the amount of time to spend the PPP Loan funds and still qualify for loan forgiveness. “The Senate approval sends the House bill, called the Paycheck Protection Flexibility Act, to President Donald Trump, who is expected to sign it.”

The following summary of the main points of this legislation is provided by the AICPA:

- 1) PPP borrowers can choose to extend the 8-week period to 24-weeks.
- 2) The 75% requirement to cover payroll has been reduced to 60%, but, without “technical tweaks,” you must now meet the 60% or none of the PPP Loan will be forgiven.
- 3) You can now use the 24-week period to restore your workforce levels and wages to the pre-pandemic levels required for full forgiveness. This must be done by December 31 rather than the previous deadline of June 30, 2020.
- 4) There are two new exceptions to achieve full PPP Loan forgiveness even if you are unable to fully restore your workforce. Prior guidance allowed borrowers to exclude from their computations employees who turned down good faith offers to be rehired; the new bill allows borrowers to adjust because they could not find qualified employees or were unable to restore business operations to February 15, 2020 levels due to COVID-19 related restrictions.
- 5) PPP Loan Borrowers now have 5-years to repay the loan instead of 1-year, while the interest rate remains at 1%.
- 6) The bill allows businesses that took a PP Loan to also delay payment of their payroll taxes, which was prohibited under the Cares Act.

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Best of luck and stay safe,

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