
COVID-19 Relief: Paycheck Protection Program Flexibility Act of 2020

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Moderated by George Bruce

Panelists:

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Key Changes in New PPP Law

- **“Covered Period” Extended:** Original eight week covered forgiveness period, ending June 30, extended to 24 weeks, ending December 31
 - **Payroll Spend Requirement Lowered:** Lowers 75% required payroll spend to 60%
 - **Re-Hire Safe Harbor Date Extended:** Allows borrowers to restore workforce levels and wages to pre-pandemic levels for full loan forgiveness by either the end of 24 weeks or December 31
 - **Re-Hire Exceptions:** Provides new exceptions to allow borrowers to achieve full forgiveness if unable to rehire or find qualified employees or to operate at pre-COVID levels due to pandemic restrictions issued by government
 - **Maturity Date Extended:** Extends loan terms for any unforgiven portion of loan from two to five years (interest rate remains 1%); new loans only
 - **FICA Deferral Expanded:** Allows PPP borrowers to qualify for deferral of employer payroll taxes incurred through December 31, regardless of date of loan forgiveness
 - **Deferral Period Extended:** Extends period in which borrower can apply for loan forgiveness, from within six months to within 10 months of last day of covered period
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Key Questions Not Yet Answered

- Does limit of cash compensation per employee increase in proportion to increase in covered period (i.e., from \$15,385 to \$46,153)?
 - If it does increase, does the limit on forgivable compensation to owner-employee increase as well?
 - How does this affect self-employed taxpayers who borrowed?
 - Will borrowers be required to wait until the end of the 24-week period to apply for forgiveness?
 - If lender and pre-June 5 PPP borrower mutually agree to extend loan term beyond two years, is there a deadline for that extension and must the extension be to a five-year term?
 - Do pre-June 5 loan documents need to be amended to reflect these changes?
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Questions?

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