



Good morning everyone, I hope you and your family are safe and doing well.

The Paycheck Protection Program (PPP) will reopen today for select lenders and borrowers. Initially only community banks that serve minority and women owned businesses will be able to make loans. The PPP will open to all participating lenders shortly thereafter. Second time PPP borrowers will be able to apply on Wednesday.

Key PPP updates include:

- PPP borrowers can set their PPP loan's covered period to be any length between 8 and 24 weeks to best meet their business needs
- PPP loans will cover additional expenses, including operations expenditures, property damage costs, supplier costs, and worker protection expenditures
- The Program's eligibility is expanded to include 501(c)(6)s, housing cooperatives, direct marketing organizations, among other types of organizations
- The PPP provides greater flexibility for seasonal employees;
- Certain existing PPP borrowers can request to modify their First Draw PPP Loan amount; and
- Certain existing PPP borrowers are now eligible to apply for a Second Draw PPP Loan.

Who can qualify?

PPP loans will be available to both first time borrowers and businesses that have already received PPP loans.

First time borrowers will be limited to the following groups:

- Businesses with 500 or fewer employees that are eligible for other SBA 7(a) loans
- Sole proprietors, independent contractors, and eligible self-employed individuals
- Non Profits, including churches
- Accommodation and food services operations (those with NAICS codes starting with 72) with fewer than 300 employees per physical location.

Previous PPP recipients may apply for another loan if:

- Have 300 or fewer employees
- Have used or will use the full amount of their first PPP loan.
- Can show a 25% gross revenue decline in any 2020 quarter compared with the same quarter in 2019.

PPP loan terms

- Borrowers can receive a loan amount of up to 2.5 times their monthly payroll

cost up to \$2 million.

- Borrowers with NAICS codes starting with 72 (hotels and restaurants) can get up to 3.5 times their average monthly payroll costs.
- For loan forgiveness, you will have to spend 60% of the funds on payroll over the covered period, either 8 weeks or 24 weeks.
- Loan forgiveness if proceeds are used for payroll, rent, covered mortgage interest, and utilities.
- New legislation also makes the following uses potentially forgivable:
 1. Covered worker protection and facility modification expenditures, including personal protective equipment to comply with COVID-19 safety guidelines.
 2. Expenditures to suppliers that are essential at the time of purchase to the recipient's current operations.
 3. Covered operating costs such as software and cloud computing services and accounting needs.

Application for Forgiveness

- Simplified forgiveness application process for loans of \$150,000 or less.
- Repeals the requirement that PPP borrowers deduct the amount of any EIDL advance from their PPP forgiveness.

Tax Deductibility for PPP Expenses

- The bill specifies that business expenses paid with forgiven PPP loan are tax deductible.

Again, please remember that this is brand new legislation and we have not had time to dig into every nuance.

Below is a link to our YouTube channel that has other really good content dealing with tax and business related issues. Subscribe to the channel to be notified of new videos we post.

[REH CPA YouTube Channel](#)

Thank you!

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