



Hello everyone, I hope you and your family are doing well.

Last night the US Senate passed the Paycheck Protection Flexibility Act. This sends the House bill called the [Paycheck Protection Flexibility Act](#) to President Trump, who is expected to sign.

This bill, if signed, will extend the time for small business owners to qualify for forgiveness of their PPP Loans. It also lowers the amount that must be used for payroll. Below are some of the highlights of the bill.

- The covered period was originally 8 weeks from the date loan proceeds were received. This bill will give you the ability to extend that 8 weeks to **24 weeks after loan proceeds are received**. This will help increase the chances for full loan forgiveness.
- The amount you had to spend on payroll was 75% of the loan proceeds. **This amount has been decreased to 60%. It is my understanding that this is now a cliff, and if you don't use at least 60% of the proceeds on payroll, your loan will not be forgiven.** Before this change, your loan forgiveness was only reduced by the amount that did not meet the 75%.
- The deadline to restore your workforce and wages to pre-pandemic levels has been **changed from June 30th to December 31st**.
- Previous rules allowed you to exclude employees from the headcount calculations who turned down good faith offers to be rehired. In addition to this you can now adjust your headcount calculation due to not being able to find qualified employees or were not able to restore your business operations to Feb 15th, 2020 levels due to COVID-19 related operating restrictions.
- If your loan is not forgiven in whole or in part, you now have **five years** to repay the loan instead of two.
- You can now defer the employer's share of FICA payroll taxes for two years. Half will be due in 2021, and the other half in 2022. Only under certain circumstances would I recommend this option. If you have the money to pay the FICA taxes, I recommend paying them. I never want anyone to get behind on payroll taxes.

Overall these changes significantly increase the ability for business owners to obtain loan forgiveness. Please let me know if you have any questions. We are here to help.

Thank you!!

Raymond E Halstead, CPA
REH CPA, PLLC
rehcpas.com
704-662-8249

223 Williamson Rd, Suite 104
Mooresville, NC 28117

See what's happening on our social sites

