

PPP Extension Bill

This is an easily digestible breakdown of what the PPP extension bill that passed the Senate yesterday will do. The President will sign into law shortly. Might be of interest to some EMA members.

- Expands the “forgiveness period” during which forgivable expenses may be incurred and paid from 8 weeks to 24 weeks;
- Requires borrowers to use at least 60% of PPP dollars on payroll costs to be eligible for forgiveness (down from 75% under SBA regulations);
- Provides a statutory safe harbor from forgiveness amount reductions for employers who make good faith efforts to restore payroll to pre-crisis levels, but are unable to get employees back to work or resume full business operations by the end of the year due to COVID-19-related restrictions;
- Extending the deadline by which employers can maximize forgiveness amounts by rehiring employees and/or restoring employee wages to the end of the year;
- Gives borrowers longer to pay back unforgiven loan amounts (5 years instead of 2);
- Extends deferral of all principal, interest, and fee payments on PPP loans to the date on which forgiveness amounts are remitted to the lender or until 10 months after the end of the 24-week forgiveness period if the borrower has not applied for forgiveness by then; and
- Allows borrowers who receive PPP loan forgiveness to participate in employer payroll tax deferral relief provided in section 2302 of the CARES Act.