



Zulchat





Changes to the PPP Loan Forgiveness Requirements

On Friday, June 5th, legislation was passed which changed the PPP Loan forgiveness requirements. The changes, called the **PPP Flexibility Act**, are as follows:

- Extended the period during which businesses may spend PPP loan funds from 8 weeks after issuance to 24 weeks after issuance or Dec. 31, 2020 (whichever is earlier).
- Lowers the amount that must be spent on payroll to be eligible for forgiveness from 75% to 60%. Note: If less than 60% of loan is spent on payroll, then forgiveness of the entire loan may be in jeopardy.
- Specified that PPP loans can be forgiven even if the number of full-time employees decreases, as long as the employer can prove: it attempted to rehire the same number of employees, but its former employees were unavailable; similarly qualified employees were unavailable; or its business is unable to return to the same level of activity it had before Feb. 15, 2020.
- Extending the PPP lifespan from June 30, 2020, to Dec. 31, 2020, for using loan proceeds.
- Extending the minimum maturity of PPP loans that still have a remaining balance after the government forgives part of them to five years. This would take effect on the date of the bill's enactment and apply to any PPP loan made on or after. The government would continue to guarantee the remainder of the loan.

Here is a summary of what can be included in the loan forgiveness:

- Payroll includes:
 - Employee Compensation
 - Employer's contributions for employee health insurance
 - Employer's contributions to employee retirement plans
 - Employer's state and local taxes assessed on employee compensation (NY SUI)
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- Other Business costs which cannot exceed 40% of the loan:
 - Business Mortgage Interest Payments
 - Business Rent or Lease Payments
 - Business Utility Payments

If any other issues arise which have an effect on filing, we will let you know.



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