

Important Updates about Your Paycheck Protection Program (PPP) Loan

by Michael L. Lauzon, CPA, MBA, Audit Partner

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Congratulations, you have received the PPP loan or are in the process of receiving the funds. Please refer to the [original article](#) for a basic understanding of how the PPP was set up. There have been several important changes to the PPP process and the application for forgiveness has been released as well. Some of the more important changes are noted below.

The [PPP loan forgiveness application](#) was released by the Small Business Administration (SBA) on May 15th. The application provides instructions and schedules that are required to be completed and what documentation is required to be maintained to support the loan forgiveness claimed. Although the eight week period begins the same day as the PPP loan disbursement, the organization is allowed to utilize an alternative payroll period. This alternative eight week period can begin on the first day of the first pay period following the disbursement of the PPP loan. The PPP loan forgiveness application expires on October 31, 2020, therefore it can be presumed the application must be submitted prior to that date but of course it is recommended to complete the application as quickly as possible following your eight week period.

In addition, other guidance was included in the application including the following highlights:

- Bonuses and hazard pay or other one time payments for payroll are eligible for loan forgiveness. In addition, payments to furloughed employees are eligible as well. The payments are still limited to \$100,000 per employee/owner/self-employed individual prorated on an annual basis.
- The organization can exclude from the loan forgiveness calculation an employee who refuses to be rehired. The organization however, is required to notify the state unemployment office of the employee refusing to be rehired.
- Mortgage interest payments are specifically excluded from prepayment.

Finally, the SBA has issued [interim final rule](#) guidance that established several other important pieces of information:

- The SBA may review any PPP loan, regardless of size, to determine the following:
 - If the organization was eligible for the PPP loan
 - If the organization calculated the loan correctly
 - If the organization used the funds appropriately and was eligible for the amount of forgiveness requested
- A timeline was established which requires the lender to decide on forgiveness within 60 days of receipt of the application. Then the SBA has 90 days to review the application and finally the organization has 30 days to appeal the resulting SBA action. The appeals process has not yet been established and more guidance will follow.

Still the best measure to ensure the PPP loan forgiven is the maximum amount allowable is to document, document, document. In addition, continue to check the [FAQ document](#) issued by the SBA for updated guidance. Congress is expected to propose changes to the PPP to include a longer time frame than eight weeks and to increase the amount forgivable non-payroll expenditures so be sure to check for updates. Just a reminder although the best things in life might be free, there is no such thing as free money, so be sure that your organization is meeting the requirements for your PPP loan.

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