ANTHONY & DODGE, PC

Certified Public Accountants

A House of Representatives bill, the Paycheck Protection Program Flexibility Act of 2020, passed the Senate unchanged Wednesday, June 3, 2020, and is expected to be signed into law soon. The bill modifies the Payroll Protection Program's provisions related to the forgiveness of loans. If signed into law, the bill will:

1. triple the period of time from 8 weeks to 24 weeks over which a loan recipient may use loan proceeds for expenditures qualifying for forgiveness while still remaining eligible for forgiveness, but not past December 31st,
2. raise the non-payroll portion of qualifying expenditures to 40% from the current 25%, however the 60% payroll portion becomes mandatory and none of the loan will be forgiven if it is not met,
3. extend the term over which any unforgiven portion of the loan must be repaid to a minimum period of 5 years, up from the current 2 years, with interest remaining at 1%,
4. allow loan recipients to defer loan payments until they receive compensation for forgiven amounts,
5. allow loan recipients to delay payment of their payroll taxes which was previously disallowed,
6. extend the time at which repayment must begin to ten months after the program's expiration for loan recipients who do not apply for forgiveness,
7. extend to 24 weeks the period over which a loan recipient may rehire to eliminate a reduction in employment, salary, or wages that would reduce the forgivable portion of a loan,
8. disregard a reduction in the number of employees when determining the forgivable portion of a loan if the loan recipient:
    a. is unable to rehire former employees,
    b. is unable to hire similarly qualified employees
    c. or is unable to return to the same February 15, 2020 level of business activity due to federal regulations or COVID-19 related guidance.