

GUIDE TO THE 2ND

Paycheck Protection Program

Second Stimulus Package Provides Additional Funding to the Paycheck Protection Program: on December 20th, 2020, Congress came to a bipartisan agreement on a second, \$284 billion stimulus package in response to the COVID-19 pandemic. This bill serves as a follow-up to the \$2 trillion CARES Act, passed in late March of 2020, which created the Paycheck Protection Program and provided other forms of federal aid.

\$284
BILLION

FOR



REFRESHER: WHAT IS THE PPP?

The Paycheck Protection Program (PPP) provides loans to small businesses affected by the COVID-19 pandemic. If spent according to federal guidelines, the loan can potentially be 100% forgiven.

The general guidelines for the PPP loan are as follows:

- The loan can be used on payroll, mortgage interest, rent, and utility payments.
- At least 60% of the loan must be spent on payroll.
- Expenses eligible for forgiveness must be spent over a 24-week period.
 - ◊ The spending deadline for the first round of the PPP is December 31st, 2020. The spending deadline for the 2021 PPP is to be announced.
- Employers must both maintain their employee headcount and 75% of employee wages.
- Forgiveness is reduced based on two calculations for headcount and wage reduction.

HOW DO I APPLY FOR A PPP LOAN?

The SBA approved a number of lenders in each state to process PPP applications and loans. You can find a list of participating lenders through the SBA website, available [here](#).

HOW WILL THE NEW STIMULUS BILL AFFECT THE PPP?

- Expenses paid for by a forgiven PPP loan can now be included in tax deductions.
- Businesses that received a PPP loan in 2020 can be eligible for a second PPP loan if they meet the eligibility requirements.
 - ◊ They must show a 25% loss in revenue in 2020 over 2019.
 - ◊ They cannot have more than 300 employees.
- Loan amounts will be capped for seasonal businesses, new entities, and businesses with more than one physical location, based on average monthly payroll costs and not exceeding \$2 million.
- Borrowers that have more than 20% ownership by Chinese entities are ineligible for a PPP loan.
- Loan amounts are capped at \$2 million, rather than the \$10 million cap under the CARES Act.
- For loans totaling \$150,000 or less, the application process will be simplified.
- Businesses in bankruptcy are ineligible for a PPP loan.
- Businesses can choose between the 8-week period and 24-week period for PPP coverage. Headcount and wages must only be maintained until the end of the covered period. These levels must match pre-February 15th, 2020 levels.



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