



PPP Loan Update: 8 Weeks Extended to 24 Weeks!

Today the Senate passed the PPP modifications that the House passed last week. Due to the overwhelming bipartisan support, the modifications are expected to be signed by the President. Below is a summary of the changes to the program and a 24 minute recorded webinar to go over them. These modifications to the program require a new strategy but provide significant flexibility for a practice to reopen and rehire employees as appropriate and still be able to obtain forgiveness. It is very important to know that this will require a new round of guidance to be issued by the Treasury and SBA but provides time for them to issue updated information we will need.

[Click here](#) to see our recorded webinar.

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Direct changes to the PPP loan program:

1) 8 week covered period extended to 24 weeks

Practice tip: The loan was based on 2.5 months, approximately 11 weeks, of payroll and you now have 24 weeks to spend it. This eliminates most of the challenges of the program and allows employees to be rehired when the practice is ready.

2) 75% rule reduced to 60%

Practice tip: Due to the 24 week covered period, this rule should not be a problem. We recommend trying to spend 100% of the loan amount on payroll over the 24 weeks as that will make the application process go much easier if you only need to attach payroll reports. However, if you spend less than 60% of the loan on payroll, you will have \$0 forgiveness which is a drastic change from the previous 75% rule.

3) Rehire date moved from 6/30/20 to 12/31/20

Practice tip: Your practice now has until 12/31/20 to rehire employees back to the 2/15/20 level.

4) Required FTE goal for the rehire exemption is reduced if you are unable to rehire people or business has declined due to HHS, CDC, or OSHA requirements regarding COVID-19

Practice tip: Continue to plan on rehiring people by 12/31/20. However, if guidelines are issued that restrict the number of people you may have in the office, this should give the practice flexibility in adjusting staffing levels to a new normal. This exception is new and we will need new guidance to clarify it.

5) New PPP loans will have a minimum maturity of 5 years

Practice tip: The goal of the program has shifted back to trying to get 100% forgiveness. However if you do not obtain this, we believe you will need to contact your bank to modify the terms to the allowable 5 years. We recommend trying to avoid doing this unless absolutely necessary.

Indirect changes to the PPP loan program:

- 1) We still don't know about
 - a) payments to related parties
 - b) retirement
 - c) misc. other payments but they may not matter.
- 2) We assume the \$15,385 per person payroll limit will be increased to \$46,154 but need confirmation from the SBA.
- 3) The forgiveness application will be completely changed.
- 4) The Rosen PPP Expense Tracker will be updated.
- 5) Although utilities, health insurance, SUTA, and other small costs are still eligible, they become less important. Rather than worry about tracking small receipts, we are recommending focusing on the big items that are easy to show to the lender that'll review the forgiveness application – payroll and rent.
- 6) Due to the 12/31/20 rehire date, practices typically won't be filing forgiveness applications until January 2021 at the earliest.

Stay safe and healthy.

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