

House Proposes Changes to Relax PPP Loan Forgiveness Requirements

By Bruce L. Blasnik, CPA, CGMA, Partner

The House passed a bill late yesterday – with near unanimous bipartisan support – that would make sweeping changes to the Paycheck Protection Program (PPP) loan forgiveness if it becomes law. According to the *Wall Street Journal*, there is different, but similar, legislation pending in the Senate.

Proposed Changes

The key provisions of the House bill are:

- Extending to 24 weeks (but not later than December 31, 2020) the period of time businesses have to use the funds (the current requirement is 8 weeks);
- Reducing the requirement to use 75% of the proceeds for payroll to 60%;
- Extending the repayment period from 2 to 5 years; and
- Allowing payroll tax deferrals to continue even once the loan is forgiven.

Stand By

While we still need the Senate to pass a bill and then for the bills to be reconciled and signed into law, it seems very likely that significant changes will be coming to PPP loan forgiveness sometime soon. This is certainly welcome news for the large number of small businesses that were unable to take full [or, indeed, any] advantage of the current forgiveness provisions. Some businesses, however, are likely to feel cheated by the new rules because those businesses retained or rehired workers, or took other action, to maximize forgiveness within the 8-week Covered Period. Given the evolving nature of loan forgiveness requirements, there is likely to be mixed reactions to the expected changes.

Contact Us

As always, for further guidance and assistance, please reach out to your PKFOD engagement team members, or Bruce L. Blasnik, CPA, CGMA, Partner at LoanForgiveness@pkfod.com. We are here to help.

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