



PPP FLEXIBILITY ACT

As many of you are aware, the new PPP Flexibility Act of 2020 was just signed into law. The legislation amends and expands the Cares Act provisions related to PPP Loan Forgiveness.

We have been keeping up with the changes, and we outlined a few of the key points below:

JUNE 5, 2020

- Borrowers may choose to extend the 8-Week Loan Period to 24 weeks or December 31, 2020, whichever is sooner.
 - The deadline to restore FTEs and employees' wages to pre-pandemic levels to achieve full loan forgiveness is extended from June 30, 2020, to December 31, 2020.
 - Borrowers must spend at least 60% of the loan money on payroll costs instead of the previous 75%.
 - The maturity date for loan amounts after the forgiveness period will be a minimum of 5 years instead of 2 years and the deferment period is extended from 6 months to the date the borrower's loan forgiveness amount is determined.
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- The legislation provides two new exceptions allowing borrowers to achieve full PPP Loan Forgiveness even if they are unable to restore their workforce to pre-pandemic levels: (1) The first exception applies when a borrower cannot find qualified employees for unfilled positions and (2) the second exception applies when an employer cannot restore its operations to pre-pandemic levels of activity as a result of social distancing, sanitation requirements, or customer safety needs as a result of requirements established by the Secretary of Health and Human Services, the CDC, or OSHA from March 1, 2020, through December 31, 2020. These exceptions leave flexibility for employers who are unable to hire back employees as a result of the pandemic.
 - The Cares Act Section 2302 provided for the ability of employers to delay the payment of the employer portion of Social Security payroll taxes. However, this relief was not available to employers once indebtedness was forgiven under the PPP Loan. See IRS FAQs here. The legislation allows borrowers to take full advantage of the employer payroll tax deferrals regardless of whether a PPP loan was forgiven.

ISOLVED REPORTING

iSolved Client Reports or My Reports Titles:

- CARES PPP Loan Forgiveness Report
- CARES Paycheck Protection Program Report
- CARES Act Retention Credit Report < 100 EES
- Payroll Register Export by Date Range

ADDITIONAL RESOURCES

[H.R.7010 - Paycheck Protection Program Flexibility Act of 2020](#)

[IRS Deferral Of Employment Tax Deposits And Payments](#)