



**June 9, 2020**

On June 5, President Trump signed the Paycheck Protection Program (PPP) Flexibility Act into law. This bill eases many of the frustrations small business owners have encountered with the program. Below is an overview of the key changes. Note: The June 30, 2020 deadline to apply for a loan hasn't changed.

#### **Extended Maturity Date**

For PPP loans made after June 5, 2020, the minimum maturity date is now five years instead of two. If you received your loan before this date, ask your lender if they're willing to grant you an extension.

#### **Extended "Covered Period"**

You now have 24 weeks (not 8) to use the loan proceeds. This change helps business owners who may have been trying to conserve the funds until they could reopen. If you have an existing PPP loan, you can elect to stick with the eight-week time frame.

#### **Reduced Payroll Percentage**

Only 60% of the loan proceeds must be used to cover payroll costs, down from 75%.

#### **Extended Deadline to Fix Reductions in Full-Time Employees and Salaries**

You have an additional six months (December 31, 2020) to restore any cuts you made to full-time employees and salaries to potentially increase your forgiveness amount. The act also includes two new exceptions that may allow you to receive complete forgiveness, even if you don't fully restore your workforce. These exceptions apply if you were unable to find qualified employees or restore your business operations to February 15, 2020 levels due to COVID-19 operating restrictions.

#### **Extended Deferral Period**

Previously, you could only defer loan payments for six months. Now, you can defer until the Small Business Administration rules on your forgiveness application or 10 months if you don't request forgiveness.

#### **Payroll Tax Deferral**

This law eliminates the restriction preventing PPP borrowers from taking advantage of the payroll tax deferral afforded under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

#### **Put Our Expertise to Work for You**

Navigating the nuances of the Paycheck Protection Program can be challenging. We understand these nuances and can guide you through the process. [Contact us](#) to learn more.

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