

# Live Q&A Session

June 9<sup>th</sup>, 2020

# PPP Flexibility Act of 2020

## H.R. 7010

In a joint news release, the Small Business Administration and the Treasury Department said they will “promptly” issue rules and guidance; a modified application form; and a modified loan forgiveness application after President Trump signed into law the Paycheck Protection Program Flexibility Act (PPFA).



# PPP Flexibility Act of 2020

## H.R. 7010

### Extension of Covered Period

- Covered period is extended to 24 weeks from the date of disbursement or 12/31/2020
- \*Existing borrowers are able to elect to keep the current 8 week covered period



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### Payroll Percent Threshold decreases

- 60% eligible payroll expenses
- 40% eligible non-payroll expenses

SBA is removing the "cliff"

"If a borrower uses less than 60 percent of the loan amount for payroll costs during the forgiveness covered period, the borrower will continue to be eligible for partial loan forgiveness, subject to at least 60 percent of the loan forgiveness amount having been used for payroll costs."



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### New Safe Harbor date – 12/31/2020

H.R. 7010 provides additional potential exemptions for the FTE reduction in forgiveness if the borrower is not able to rehire employees or hire replacement employees or cannot return to normal business activities because of health and safety restrictions.



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## H.R. 7010

In addition, the new rules will confirm that June 30, 2020, remains the last date on which a PPP loan application can be approved.



# H.R. 7010

Borrowers with loans originating after the Act is law will have 5 years to repay.

Lenders and borrowers are free to renegotiate the terms of any existing PPP loan to match the 5-year payback period.

SBA will "extend the deferral period for borrower payments of principal, interest, and fees on PPP loans to the date that SBA remits the borrower's loan forgiveness amount to the lender (or, if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period)."



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PPP borrowers will now be able to take full advantage of the payroll tax deferral provided for in the CARES Act without being required to stop deferring the payment of those taxes even when their PPP loan is forgiven.

Note: This is a deferral and not forgiveness





We are answering your questions live on the air right now.

Please submit questions through the **Q&A function**,  
*not the chat option* at the bottom of your screen.



# Questions?

Please email:

[questions@dominionpayroll.com](mailto:questions@dominionpayroll.com)

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As requirements change and laws are passed, we will update you as soon as possible.

*Don't forget to wash your hands!*

