



June 4, 2020

Important Update – PPP Flexibility Act Passes Senate

Last evening, the Senate successfully passed new Paycheck Protection Program (PPP) legislation. This was the exact legislation passed by the House last week. This bill, called the *Paycheck Protection Flexibility Act*, is expected to be signed into law by President Trump soon.

Following is a summary of the legislation's main points (as compiled by the AICPA):

- PPP borrowers can choose to extend the 8-week period to 24 weeks, or they can keep the original eight-week period.
- The payroll expenditure requirement drops to 60% from 75% which should give more flexibility on how spending is allocated.
- Borrowers now have five years to repay the loan instead of two. The interest rate remains at 1%.
- The bill allows businesses that took a PPP loan to also delay payment of their payroll taxes, which was prohibited under the CARES Act.

If you have questions concerning this update or any PPP matters, feel free to reach out to your primary contact at Heinold Banwart. We are still anticipating additional guidance from the Treasury/SBA related to PPP loan forgiveness and will share future updates as appropriate.

Thanks,

Heinold Banwart