Paycheck Protection Program Updates

Congress has passed the Paycheck Protection Flexibility Act, which updates the terms of loans financed through the Paycheck Protection Program (PPP). Below is a summary of the relevant changes to small business owners and PPP participants. Contact your lender to see how the changes to the PPP affect your loan.

**Timeline to use Paycheck Protection Program forgivable loans extended from 8 weeks to 24 weeks**

- The Small Business Administration (SBA) will now forgive loans up to 24 weeks after issuance. Borrowers who have already received PPP loans may opt to use the eight-week loan forgiveness period.

**Payroll requirement for forgiveness reduced from 75% to 60%**

- Borrowers using 60% or more of their PPP loans for payroll expenditures will now receive full loan forgiveness from the SBA.

**Increases loan repayment period from two to five years**

- PPP loans issued after June 5 now have a maturity of five years.

**Payroll taxes now fully deferable along with PPP loan forgiveness**

- The Paycheck Protection Flexibility Act allows businesses to delay payment of their payroll taxes and benefit from the CARES Act deferrals. Seeking loan forgiveness will not impact payroll tax deferral.

**June 30 rehiring deadline extended if business is unable to rehire its employees**

- The bill permits loan forgiveness even if employers are unable to rehire enough workers to reach pre-pandemic levels of business activity.