



COVID-19 UPDATE | APRIL 6, 2020

SBA ISSUES NEW GUIDANCE ON PAYCHECK PROTECTION PROGRAM

On April 2, 2020, the US Small Business Association (SBA) and the US Department of Treasury released an interim rule and revised application for the Paycheck Protection Program (PPP), which offers \$349 billion in forgivable loans for small businesses as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

The new guidance provides greater clarity on program details and was released just hours before the application process went live on April 3, 2020, resulting in some banks not being able to immediately process loans.

Important changes include:

- Independent contractors (i.e. individuals who receive 1099s) do not count as employees for PPP loan calculations or loan forgiveness
- At least 75% of the loan proceeds must be used for payroll costs
- Not more than 25% of the loan proceeds to be forgiven may be used for non-payroll costs
- Borrowers who knowingly use the loan proceeds for unauthorized purposes will be subject to additional liability such as charges for fraud
- Interest rate has been raised from 0.5% to 1.0%
- The application question regarding US citizenship was removed, and was replaced with a question to confirm that all employees included in the payroll calculation are US residents
- Loans will be made on a first come, first served basis

The application process is now open, and we expect additional guidance to be released over the next several weeks as the SBA begins to receive and process applications. PPP loans will be available until June 30, 2020, or until funds run out, so time is of the essence in applying.

CRR is prioritizing loan application support, and we are ready to help you evaluate your options, gather the information and supporting documentation necessary to apply, navigate the application process and maximize loan forgiveness during the eight week period post-closing.

Please don't hesitate to contact us at ppp@crrcpa.com with any questions you may have, or visit our COVID-19 Resource Center at www.crrcpa.com/covid19 for the latest updates, alerts, and impacts.

We're in this together.