Paycheck Protection Program Flexibility Act

New law amends program provisions
The Paycheck Protection Program (PPP) Flexibility Act (HR 7010) was signed into law on June 5 and modifies provisions related to the PPP program, payroll taxes and other affiliated provisions.

PPP Loan Terms
• Maturity extended to 5 years
• Covered period extended from 8 to 24 weeks from the loan’s origination date – or Dec. 31, 2020 – whichever comes earlier
• Rehire date extended from June 30, 2020, to Dec. 31, 2020
• Exemptions for decrease in full-time equivalent employees (FTEs)
• Deferral period extended until compensation for forgiven amount received, or 10 months from the program’s expiration for those who do not apply for forgiveness

Loan Forgiveness
• Cap on non-payroll expenses increased from 25 to 40 percent
• At least 60 percent of loans must be used on payroll expenses to qualify for forgiveness

Payroll Taxes
• Removes CARES Act prohibition on payroll tax deferment for employers who have PPP loans forgiven

For more information on the act’s provisions and how it will affect a PPP loan, contact a financial advisor.

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