

New PPP Loan Forgiveness FAQs Released

Description

On August 4, 2020, the U.S. Small Business Administration (“SBA”) and the Department of the Treasury released long-awaited FAQs providing guidance to both lenders and borrowers on Paycheck Protection Program (“PPP”) loan forgiveness. Section 1106 of the CARES Act, as amended by the Paycheck Protection Program Flexibility Act, together with subsequent Interim Final Rules published by the SBA, set forth the expenses for which businesses were permitted to use their PPP loan proceeds along with other requirements in order to be eligible for loan forgiveness. The 23 FAQs covered in this release provide additional color around the forgiveness calculations and process and are divided into 4 topic areas:

- **General loan forgiveness** – provides some detail around the forgiveness application and process;
- **Payroll costs** – answers and provides some examples in determining and calculating those payroll costs and time periods includable in the payroll costs eligible for forgiveness;
- **Non-payroll costs** -answers and provides some examples in determining and calculating other forgiveness-eligible operating costs for PPP loan proceeds not required to be used for payroll expenses; and
- **Loan forgiveness reductions** – provides illustrations of how the amount of PPP loan proceeds eligible for forgiveness may be reduced when employee headcount or employees’ salaries or hourly wages decline during the applicable calculation period.

The SBA’s PPP Loan Forgiveness FAQs can be viewed here:

<https://home.treasury.gov/system/files/136/PPP-Loan-Forgiveness-FAQs.pdf>

Partridge Snow & Hahn is ready to answer questions regarding PPP loan forgiveness and the newly released FAQs.

Date Created

August 6, 2020