



GRAY & GRAY
— AND ASSOCIATES —
CERTIFIED PUBLIC ACCOUNTANTS, P. C.

An Update from us on PPP Loans

We have been continuously monitoring the every changing landscape of the Paycheck Protection Program (PPP) Loan Program. October 7, 2020, the SBA issued yet another update to the loan forgiveness guidelines. Pertinent changes since our last mailing are as follows:

- **PPP Loans \$50,000 or less.** Borrowers are now allowed to "self-certify", on a newly released SBA form, that they have met the criteria for full loan forgiveness. This form is greatly simplified, however, documentation is still required.
- **Coverage Period changed from eight weeks to 24 weeks.** Borrowers who received loans before June 5th can elect to use the PPP funds to cover eligible costs over eight weeks or 24 weeks. The 24 week coverage period is mandated for loans funded after June 5, 2020. This change is anticipated to allow for greater flexibility when applying for full loan forgiveness. You do not have to wait until the end of the coverage period to apply for forgiveness if you have met the eligibility criteria.
- **Deferral Period increased to 10 months.** The time frame for which borrowers must make loan payments, and pay interest and fees has been extended to 10 months past the disbursement date. The original legislation allowed for a six month deferral period. There is nothing for the borrower to do, as the 10 month deferral period is an automatic extension.
- **Only 60% of eligible costs need to be payroll related.** Originally, 75% of the proceeds from the PPP Loan had to be spent on payroll and related costs. This provision was modified to allow for only 60% of the proceeds to be spent on payroll and related costs. The remaining 40% can be spent on qualified interest, rent and utilities.
- **PPP Loan forgiveness can impact your tax bill.** The IRS has stated that expenses paid for with PPP money are not deductible on your tax return, if the loan is forgiven. Many advocacy groups are working to change the IRS's position; however, at this time the efforts have not proven successful. Based on the Treasury's position, we are recommending that PPP recipients contact us for tax planning to avoid surprises when filing your tax return.

***Need help navigating through the forgiveness process?
Please contact us today for assistance.***

Call: 315-386-2925

Email: info@graycpas.com



