



CARES Act Update

PPP Deductibility

- Gross Income does not include any amount that would otherwise arise from the forgiveness of a PPP loan.
- Deductions are allowed for otherwise deductible expenses paid with the proceeds of a PPP loan that is forgiven.
- Tax basis and other attributes of the borrower's assets will not be reduced as a result of the loan forgiveness.
- Eligible costs for forgiveness calculation expanded, now include payroll, mortgage interest, rent, utility payments, worker protection expenditures, supplier costs, operations expenditures (software, cloud computing, other HR/accounting), property damage costs.

PPP Loans

- Additional funding made available for certain organizations, including self-employed who did not already receive a first round PPP loan.
- Organizations with 500 or fewer employees.
- Funding 2.5 months of payroll up to \$20,833 per employee or self-employed individual.
- Must be in operation on February 15, 2020.
- Self-employed may submit unfiled Schedule C for 2020 for proof of income.
- Maximum loan amount is \$10 million.

Second Draw PPP Loans

- 300 or fewer employees per physical location.
- 25% gross receipt decline in any quarter in 2020 compared to the same quarter in 2019.
- Received first round PPP loan and used or will use the full amount of first draw funds.
- Funding 2.5 months of payroll up to \$20,833 per employee, 3.5 months for hotels and restaurants.
- Maximum loan amount is \$2 million.

Timing of fund availability

- Waiting on SBA to release the forms, may be as early as the week of January 11th, 2021.
- At least first two days of loan portal will be for community financial institutions.
- Expanded lenders from financial institutions to include Fintech (Kabbage, Paypal, etc.).
- Last day to apply for and receive a PPP loan is March 31, 2021.