

CLIENT ALERT: Key PPP Provisions of the Consolidated Appropriations Act

FEATURED ATTORNEY



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Dear Friends and Valued Clients,

By now we are sure you have heard that President Trump signed the Consolidated Appropriations Act, 2021, a \$900 billion spending bill. We wanted to share the details of the key provisions of the bill that includes \$325 billion in aid for small businesses, including \$284 billion to the U.S. Small Business Association (SBA) for first and second PPP forgivable small business loans.

PPP Provisions (for both first-time and repeat PPP borrowers):

- Borrowers making the request must have fewer than 300 employees.
- Borrowers must have suffered a revenue decrease of at least 25% during one of the first three quarters of 2020, or during Q4 2020 (if applying after January 1, 2021). The decrease is determined by comparing gross receipts in a quarter to the same quarter in the prior year.
- The maximum loan amount an eligible company can receive is the lesser of \$2 million or 2.5X monthly payroll costs incurred during the one-year period before the loan is made, or during calendar year 2019 (3.5X monthly payroll if the entity's NAICS code is 72).
- Qualified expenses paid with PPP funds are now tax deductible for both old and new PPP loans.
- Allowable and forgivable PPP expenses are expanded to include operating expenses, property damage costs (caused by acts of civil unrest), supplier costs and worker protection costs (both operating and capital costs).
- Borrowers can now choose any 8- to 24-week period as their loan forgiveness covered period.
- Grants received as part of an Economic Injury Disaster Loan (EIDL) will no longer reduce PPP forgiveness.

- A simplified forgiveness application for PPP loans of less than \$150,000 will be limited to borrower certifications.
- Forgiven PPP loan funds will be considered tax-exempt income (and will increase owners' basis in pass-through entities).

We will continue to stay up to date on developments and update you accordingly. If you have any questions, please contact [Melanie Wiener](mailto:mwiener@abramslaw.com) at mwiener@abramslaw.com.

Happy New Year!