

CLIENT ALERT: PPP Loan Forgiveness Update

FEATURED ATTORNEY



Melanie I. Wiener

Partner

Dear Friends and Clients:

If your business has received a PPP loan, you are probably asking yourself, “When should we apply for forgiveness?” We are working closely with accountants and continue to monitor and review Treasury guidelines and the answer is this: While every client’s situation is different, in most cases, we are still continuing to advise our clients to sit tight and wait. There does not seem to be an advantage in applying yet. Rather, there are possible disadvantages, such as:

- The banks are still figuring out how to accept the applications, and we don’t want any of our clients to be a test case for a bank.
- The same goes for the SBA. They have only recently started to accept the applications, and we want to let them get as many kinks out of their system as possible.
- The borrowers have up to 10 months from the end of their loan period (either the end of the 8 or 24 week period) to apply for forgiveness, so there is no pending deadline.
- New rules and forms keep coming out. As an example, a simplified form for loans of \$50,000 or less came out on Oct 8th (see below).
- There is currently bipartisan legislation pending which proposes to make all loans under \$150,000 automatically forgivable.
- For financial statement reporting, under generally accepted accounting principles (GAAP), until the loan is actually forgiven by the SBA, the loan remains on the books of the borrower as a liability. For tax purposes, there is still uncertainty as to the timing of deducting the expenses and picking up the income. There is a question as to whether or not the expenses related to the loan forgiveness can be deducted in 2020 while the income amount gets included in 2021, or do they both get netted in 2020. This is a topic you should be speaking to your accountant about for guidance.

Furthermore, as mentioned above, the SBA released a **[new loan forgiveness form](#)** for borrowers who received \$50,000 or less in PPP loans.

Lastly, **[here is a link](#)** to the SBA's newly released quick fact sheet outlining the forgiveness process that came out this past Friday.

As always, the attorneys at Abrams Fensterman, LLP are here to guide you through this process. Please contact **[Melanie Wiener](#)** at **mwiener@abramslaw.com** with any questions.