As you have no doubt seen in the press Congress passed a COVID relief bill yesterday. As we await the President's signing in to law and continue to review the details we wanted to pass along a few of the key points relating to PPP loans.

For those who received loans up to $150,000, there is now automatic forgiveness upon the borrower's attestation that the requirements of the program were complied with. This is an increase from the $50,000 level previously established.

Congress reversed an earlier IRS ruling stating that otherwise-deductible business expenses paid with PPP loan proceeds would not be deductible if the loan was forgiven. Now, business expenses paid with PPP loan proceeds are fully deductible even if the loan proceeds are forgiven.

Businesses with no more than 300 employees will be able to apply for additional PPP funds if they can show a 25% reduction in revenue in any calendar quarter during 2020 compared to the same quarter in 2019 (if you are using the fourth quarter you have to wait until after January 1 to apply).

Applicants will once again be required to certify that the loan is "necessary to support … ongoing operations."

Stay tuned for an upcoming webinar in which we will review significant aspects of the new legislation, as it relates to the PPP program and otherwise.

Disclaimer: This summary is provided for educational and informational purposes only and is not legal advice. Any specific questions about these topics should be directed to attorneys J. Allen Holland, Jeffrey Loeb, Frank Gaeta, or David Glod.

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