

# PPP Round Two:

## What's new + what does the COVID-19 Relief Bill mean for you?

The President signed the \$900 billion coronavirus relief bill into law on December 27, 2020. The act makes some changes to existing programs and tax credits as well as adds deductions.



Here's a look at what's new:



### Paycheck Protection Program

Funds the program for a new round of forgivable loans.



### Deductible expenses

Allows for deductibility of COVID related expenses for PPP loans.



### Work Opportunity Tax Credit

The act expands the WOTC by five years.



### Employee Retention Tax Credits

Allows ERTC credits for the first two quarters of 2021 of up to \$7,000 per eligible employee retained during these two quarters. PPP borrowers may qualify for ERTC on wages not paid with PPP loans.



### Business meal deduction

The act expands business meal deductions from 50% to 100%.



### Non PPP SBA loans

Increases 7(a) loan guarantee to 90% with no fees. No fees on 504 loans. CARES Act principal & interest waiver applies to all 7(a), 504, and micro-loans. For loans prior to the CARES Act, three additional months of principal & interest paid by the government (restaurants allowed an extra five months beyond the three).

## Paycheck Protection Program Round Two Changes

Topic + Details	Change:
<p><b>Loan amount:</b> businesses can borrow up to 2.5 times their monthly payroll. Restaurants can borrow up to 3.5 times their monthly payroll. Monthly payroll is determined by either monthly payroll for 2019 or the monthly payroll for the 12 months before the origination of the second PPP loan.</p>	<p><b>Yes:</b> the original PPP program only allowed restaurants to borrow 2.5 times their monthly payroll.</p>
<p><b>Maximum loan amount:</b> \$2 million</p>	<p><b>Yes:</b> there was a \$10 million maximum amount in the original program.</p>
<p><b>Eligibility:</b> applicants must show at least a 25% reduction in gross receipts for any quarter of 2020 when compared to the same quarter in 2019.</p>	<p><b>Yes:</b> there was no eligibility requirement in the original program.</p>
<p><b>Eligible business/total employees:</b> 300 or fewer employees</p>	<p><b>Yes:</b> the original program allowed companies with 500 or fewer employees to apply.</p>
<p><b>Eligible business/employees per location:</b> eligibility is determined by the number of employees at all locations. Unique to restaurants and lodging, the act allows each location that has 300 or fewer employees to apply.</p>	<p><b>Yes:</b> the original program allowed companies with 500 or fewer employees to apply.</p>
<p><b>Waiver of affiliation restrictions:</b> restaurants and lodging companies are not subject to affiliation restrictions. Other businesses are.</p>	<p><b>No:</b> same waiver as in PPP round one.</p>
<p><b>Forgiveness:</b> to be eligible for forgiveness, 60% must be spent on payroll, 40% non payroll, during the forgiveness period.</p>	<p><b>No</b></p>
<p><b>Forgiveness period:</b> businesses have 8-24 weeks from loan origination to use the loan proceeds.</p>	<p><b>No</b></p>

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Topic + Details	Change:
<p><b>Forgiveable non-payroll expenses:</b> costs related to protective personal equipment, cleaning, adhering to social distancing guidelines and supplier costs are non-payroll expenses and are forgivable.</p>	<p><b>Yes:</b> the previous regulations did not allow for deductibility of COVID related expenses.</p>
<p><b>Taxability of loan:</b> businesses who use the loan proceeds on allowable business expenses can deduct those costs from their taxes.</p>	<p><b>Yes</b></p>
<p><b>Simplified forgiveness:</b> for loan amounts of \$150,000 or less, a streamlined forgiveness application is available.</p>	<p><b>Yes</b></p>
<p><b>EIDL advance was a deduction from PPP forgiveness amount:</b> PPP borrowers no longer need to deduct their economic injury disaster advance from their PPP loan forgiveness amount.</p>	<p><b>Yes</b></p>
<p><b>Related party rent forgiveness:</b> rent paid to related parties with ownership interest is not a forgivable expense.</p>	<p><b>No</b></p>
<p><b>Nonprofits:</b> 501(c)(6) with fewer than 300 employees are eligible for a PPP loan as long as they don't get more than 15% of their revenue from lobbying activity.</p>	<p><b>Yes:</b> 501(c)(6) were not eligible under the original program.</p>
<p><b>Small businesses:</b> funding has been set aside specifically for small businesses with ten or fewer employees, those businesses that are newly eligible and those businesses returning for a second loan.</p>	<p><b>Yes:</b> there were no set asides in the original program.</p>