

Paycheck Protection Program

On 12/27/2020, Pres. Trump signed the Economic Aid Act (EAA) into law. The EAA extends Paycheck Protection Program (PPP) funding availability through March 31, 2021 and adds an additional \$284.45 billion in loan funding for small business owners. As a reminder, PPP is a forgivable loan program providing funding to businesses who have experienced reduced revenues due to COVID-19. Most small business owners can borrow up to 2.5x their monthly payroll costs. These loans can be 100% forgiven if specific criteria are met, and the forgiven amount will **not** be included in taxable income. As of 1/24/20, there is \$249 billion still available.

The EAA made several important changes to PPP, as follows:

1. Eligible expenses paid with PPP loans will now be **tax-deductible**, and the EIDL advance payment will no longer reduce your PPP forgiveness amount.
2. If you did not previously apply for PPP funding in 2020, you may be eligible for a first-draw loan before March 31, 2021. Eligibility extends to small businesses with not more than 500 employees that were in existence by 2/15/20, including independent contractors and sole proprietors. To apply, contact your local lender or bank.
3. If you previously applied for a first-draw loan, but did not take the full amount available to you, you may now apply to receive the difference in addition to a second-draw loan.
4. If you received a PPP loan in 2020, you can now apply for a second round of PPP loan funding through March 31, 2021 even if you have not yet applied for forgiveness of your first draw. To qualify for the 2nd draw, you will need to meet the following criteria:
 - a. Employers with up to 30 employees (previously 500) can apply for a 2nd PPP draw.
 - b. You must have experienced at least a 25% reduction in gross receipts (all income from sales, independent contractor payments, interest, dividends, rents, royalties, fees, or commissions) for at least 1 quarter of 2020, as compared to the corresponding quarter of 2019 (or the full calendar year 2020 vs. 2019).
 - c. The maximum loan amount has been reduced from \$10 million to \$2 million, except for businesses in accommodation and food services, who are eligible to borrow 3.5x their monthly payroll costs up to \$3 million.
 - d. You can use either calendar year 2019 or calendar year 2020 payroll to calculate the loan amount.
 - e. Eligible expenses have been expanded to include payroll costs (including earnings from self-employment), group health care, mortgage and other interest, rent, utilities, refinancing an EIDL loan, operations expenses (HR, accounting, sales, inventory, etc.), property damage due to vandalism, and Personal Protective Equipment (PPE). 60% of the loan must be used for payroll costs.
 - f. The covered period for payroll for all PPP loans has been modified to 24 weeks.
5. To apply for forgiveness, you'll need to fill out a forgiveness application with your lender **within 10 months** of the end of your covered period. The forgiveness application has been greatly simplified for those borrowing under \$150K.
6. For further reference, please visit [this link](#) or [SBA FAQs](#).

Economic Impact Payments (Stimulus Checks)

As you may know, the IRS has already begun issuing a second round of Economic Impact (Stimulus) Payments. If you have not yet received a stimulus payment, you can check on the status of your payment [using this link](#).

U.S. citizens with adjusted gross income of less than \$150,000 married filing jointly, \$112,500 head of household, and \$75,000 Single or less are eligible for \$600 (\$1,200 if MFJ) and \$600 per qualifying child under age 17. You can find FAQs regarding the second round of stimulus checks [here](#).

Student Loan Freeze

On his first day in office, Pres. Biden issued an executive order extending CARES Act student loan relief. Borrowers with direct Federal loans will have their payments and interest suspended until Sept. 30th 2021. The suspended payments will be treated as qualifying, on-time payments for PSLF and federal rehabilitation programs for borrowers in default. Non-governmental loans such as Perkins loans, non-direct FFEL loans, and private student loans, are excluded from the suspension of payments and interest.