



## PP&Co Action Alert

### SBA Releases New PPP Loan Forgiveness Applications, Including an “EZ” Form

On Wednesday June 17<sup>th</sup> the U.S. Small Business Administration (SBA) released a [revised Paycheck Protection Program \(PPP\) loan forgiveness application](#) and a [new “EZ” application](#) with [instructions](#) for certain borrowers.

The two new applications reflect the changes to the PPP program made by the June 5<sup>th</sup> Paycheck Protection Flexibility Act (PPFA) of 2020. Passage of the PPFA made it easier for PPP loan recipients to qualify for full loan forgiveness.

Revisions to the newly released PPP Loan Forgiveness Application include the following:

- The “full” application has been reduced from 11 pages to 5.
- Borrowers that received PPP loans before June 5<sup>th</sup> can choose between using the original 8-week covered period or a newly enacted 24-week covered period. (Note: Borrowers who received loans before June 5<sup>th</sup> must contact their lender to request the 24-week covered period.)
- Safe harbors for excluding reductions in the number of FTEs and salary/wage reductions may be applied as of the date the loan forgiveness application is submitted to the lender. Borrowers do not have to wait until December 31<sup>st</sup> to use those safe harbors.
- Employer health insurance contributions made on behalf of owner employees of an S corporation are not included on health insurance payroll cost line because such payment is already included in their compensation.

In addition to the above, a new PPP Loan Forgiveness Application “short form” (Form 3508EZ) has been made available for eligible borrowers. While the EZ application requires fewer calculations and documentation, borrowers may need to work with their payroll provider to determine eligibility to use the short form. Form 3508EZ can be used by borrowers who meet **one of the following criteria**:

1. Self-employed, independent contractor or sole proprietor **and** did not include any employees’ salary or wages when they applied for the PPP loan; or
2. Did not reduce the salaries or wages by more than 25% during the 8-week Covered Period (or 24 - week period if applicable) **and** did not reduce the number employees or average hours of their employees between January 1, 2020 and the end of the applicable Covered Period. (Note: exceptions are provided for borrowers whose employees refused to return to work and/or borrowers who could not rehire like employees); or
3. Did not reduce the salaries or wages by more than 25% during the 8-week (or 24-week) Covered Period compared to the first quarter of 2020 **and** experienced a reduction in business activity after February 15<sup>th</sup> due to COVID-19 health directives.

Borrowers who do not meet at least one of the above criteria must use the “long form” forgiveness application.

We continue to monitor the situation and provide information and updates as they become available. Please keep in mind that, as with much during the Covid-19 pandemic, the situation is fluid and information is updated frequently. Continue to check the SBA’s [Coronavirus \(COVID-19\): Small Business Guidance & Loan Resources](#) webpage for forgiveness guidance and updates.

Have questions or need help? We’re here for you. Contact us at [info@ppandco.com](mailto:info@ppandco.com) or (408)287-7911 for assistance. For more updates, check out our [COVID-19 Resources & Updates](#) webpage.

Our focus. Your **freedom.**