



## What PPP Borrowers Should Know...

The Small Business Administration (SBA), in consultation with the Department of the Treasury, intends to provide timely additional guidance to address borrower and lender questions concerning the implementation of the Paycheck Protection Program (PPP). They recently issued new guidance for borrowers in the form of Frequently Asked Questions (FAQs).

The new Q&As provide much needed clarity on the employees included in the PPP forgiveness calculation, and on the "safe harbor" date for return of PPP funds. **The complete FAQs guidance can be found by [clicking here](#).**

### **PLEASE NOTE:**

- **SBA is extending the repayment date for this safe harbor to May 14, 2020.** Borrowers do not need to apply for this extension. This extension will be promptly implemented through a revision to the SBA's interim final rule providing the safe harbor. SBA intends to provide additional guidance on how it will review the certification prior to May 14, 2020.
- **Forgiveness calculation for re-hiring finalized.** SBA and Treasury intend to issue an interim final rule excluding laid-off employees whom the borrower offered to rehire (for the same salary/wages and same number of hours) from the CARES Act's loan forgiveness reduction calculation. The interim final rule will specify that, to qualify for this exception, the borrower must have made a good faith, written offer of rehire, and the employee's rejection of that offer must be documented by

the borrower. According to the SBA, employees who reject offers of re-employment may forfeit eligibility for continued unemployment compensation.

- **New bill to combat IRS rule on PPP deductible expenses.** Legislation was introduced in the Senate this Tuesday that would overrule an IRS notice and clarify that ordinary expenses funded by Paycheck Protection Program (PPP) loans are deductible by taxpayers. The bill, the Small Business Expenses Protection Act of 2020, S. 3612, is currently in the Senate Finance Committee. To read the full announcement, [click here](#).

KatzAbosch will continue to provide additional in-depth updates around this matter. In the meantime, if you have questions or concerns on how any of the new provisions or available funding may impact your situation, please contact your KatzAbosch representative, or contact us by [clicking here](#).