

PAYCHECK PROTECTION PROGRAM

2021 Updates

What to Know

- ▶ Applications start the week of **1/11/21**.
- ▶ Deadline to apply is currently **3/31/21** (or if funds are exhausted).
- ▶ Must have **300 or fewer** employees.
- ▶ Must show a revenue reduction of **25% or more** in at least one quarter of 2020 compared to the same quarter of 2019.
- ▶ Recipients of a first PPP loan can re-apply **if the full amount of the first loan has been used** on eligible expenses **before** the second loan is expected to be disbursed.
- ▶ New **\$10,000 EIDL grants** for eligible small businesses in low-income communities who have suffered an economic loss of >30% (Application portal opens 1/17/21).
- ▶ Billions are set aside for **live event venues, minority-owned businesses, community financial institutions, microloans, and for for small businesses (<10 employees) in low-income areas** seeking less than \$250,000.

NEW

2nd Draw

What's Different

1st Draw

\$284 billion in federal funds

AVAILABLE FUNDS

\$525 billion in federal funds

\$2 million at 1% interest rate

MAXIMUM LOAN

\$10 million at 1% interest rate

2.5x average monthly payroll costs;
Hotels & restaurants up to 3.5x

LOAN CALCULATION

2.5x average monthly payroll costs

300 or fewer employees
(per physical location)

BUSINESS ELIGIBILITY

500 or fewer employees
(per physical location)

Publicly traded companies and those
with government ties are not eligible

NEW RESTRICTION

No restrictions on publicly traded
companies or government lobbying

501(c)(3), 501(c)(19), AND now 501(c)(6)
not-for-profits (business groups/chambers)

ELIGIBLE NFPS

Originally just 501(c)(3) agencies and
501(c)(19) Veterans organizations, but
now allows 501(c)(6) business groups

Can also claim employee retention
tax credit

RETENTION CREDIT

Now allowed to claim employee retention
tax credit (*Can amend past payroll returns*)

Payroll, rent, mortgage interest, utilities and:
· *COVID-19 expenses (PPE, dividers, etc.)*
· *Property damage from 2020 looting*
· *Essential supplier expenses*
· *Software or cloud service that facilitates:
business operations, product/service delivery,
payroll processing and tracking, HR, sales and
billing, and tracking inventory, supplies, records,
and business expenses.*

ELIGIBLE EXPENSES

Originally, forgivable expenses were
limited to payroll, rent, mortgage
interest, and utilities only. Now will also
include new expense categories listed
on the left.

What's the Same



Business must have been
operational **before 2/15/2020**
and remain operational.



At least 60% of funds must
be spent on payroll between
8-24 weeks.



1% fixed interest rate
(non-compounding and
non-adjustable).

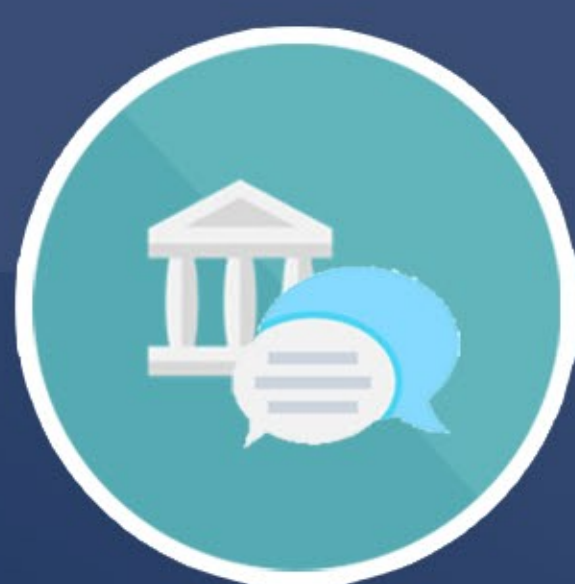


Expenses paid with PPP
funds that are forgiven will
be **tax-deductible**.



Lenders **may not charge** a yearly
fee or prepayment penalty and
must not require collateral or a
personal guarantee.

What to do Next



Consult with your
CPA and speak
with your lender.



Prepare records
of payroll and
healthcare costs.



Gather data or tax forms
to show 2020 vs. 2019
revenue reduction.



Maintain accurate
records to apply for
forgiveness.