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SBA releases guidance for new \$284B PPP round

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A crucial part of the \$284 billion restart of the Paycheck Protection Program is about to get underway; the U.S. Small Business Administration released guidance for the program Wednesday evening.

Exactly when the program to provide forgivable loans to small business owners struggling with the impact of the Covid-19 pandemic and shutdowns will begin has not been disclosed.

SBA spokesman [Christopher Hatch](#) added that the SBA “will work as expeditiously as possible to initiate the lending process.” Hatch is communications director for the SBA’s Mid-Atlantic Region, which includes Pittsburgh.

But the clock is ticking. The deadline for all new loans is March 31.

The new PPP round is part of the \$900 billion stimulus package that became law on Dec. 27 as the pandemic raged across the country.

The guidance is important because it provides details to the lenders such as the terms for borrowers to have the loan forgiven. Financial institutions had received it just hours ahead of PPP’s initial rollout on April 3, 2020, and many found it lacked clarity. So many changes and additions were made in the following weeks that



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SBA is providing guidance on next PPP round.

some recipients were confused and returned the money they desperately needed.

While the first round of \$349 billion ran out in two weeks, a second installment of \$310 billion in federal money was not snapped up as eagerly. When PPP finally ended on Aug. 8, about \$134 billion remained on the table.

Here's what's known about PPP's upcoming round:

Past recipients are eligible to apply for a second forgivable loan — if they have less than 300 employees and had a revenue reduction of at least 25% in the first, second or third quarter of 2020 relative to the corresponding quarter in 2019.

There's a maximum second loan amount of \$2 million for most businesses at 2.5 times their average monthly payroll costs. Some food service and accommodations businesses could realize more since their maximum equals 3.5 times their monthly payroll costs. The loans are also available to business leagues, such as chambers of commerce, provided they have 300 or fewer employees and do not receive more than 15% of receipts from lobbying.

PPP costs are now tax deductible.

While the 2020 PPP loans centered on paying salaries and overhead in order to be forgiven, expenses now include worker protection costs, equipment for government-mandated sanitation and social distancing, property damage due to any public disturbances and various software and cloud computing expenses.

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