

Good afternoon,

On December 15, 2020, two bipartisan COVID-19 relief bills were introduced that contain proposals on the forgiveness of PPP loans, deductibility of expenses funds were used for, and possibility for a second PPP loan. Those in Congress have suggested that they will stay past Christmas to strike a deal – we hope to see passage or have further information before Christmas.

Unless specifically requested by you, at this time, we are on hold with preparation of forgiveness applications, pending the passing of said legislation. Below we have outlined the current guidance and the proposed changes from this bill.

<u>Loan Amount</u>	<u>Current Guidance</u>	<u>Proposed Changes</u>
<u>\$50,000 or less</u>	Form 3508S: 1 page application with 1 page voluntary disclosure AND Simplified support documentation	1 page application <i>(Presumably)</i> <i>Form 3508S: 1 page application with 1 page voluntary disclosure</i> AND <i>Simplified Support documentation</i>
<u>\$149,999 or less</u> a) No significant reduction in EEs or pay b) Reduction in EEs and/or pay	a) Form 3508EZ: 2 page application with 1 page voluntary disclosure AND simplified support documentation b) PPP Loan Forgiveness Calculation Form: 2 page detailed application with schedules and worksheets for FTE and wage reduction calculations AND more detailed documentation	1 page application <i>(Presumably)</i> <i>Form 3508S: 1 page application with 1 page voluntary disclosure</i> AND <i>Simplified Support documentation</i>
<u>\$150,000 - \$2,000,000</u> a) No significant reduction in EEs or pay b) Reduction in EEs and/or pay	a) Form 3508EZ: 2 page application with 1 page voluntary disclosure AND simplified support documentation b) PPP Loan Forgiveness Calculation Form: 2 page detailed application with schedules and worksheets for FTE and wage reduction calculations AND more detailed documentation	No requirement to submit detailed documentation for FTEs and pay rates, nor documentation verifying payments of covered mortgage obligations, covered leases, covered utilities Unclear on Form change <i>(Presumably) Form 3508EZ: 2 page application with 1 page voluntary disclosure</i>
<u>\$2,000,001 +</u>	PPP Loan Forgiveness Calculation Form: 2 page detailed application with schedules and worksheets for FTE and wage reduction calculations AND more detailed documentation AND loan Necessity Questionnaire	NO CHANGES PROPOSED

The proposed bill would also allow for the PPP funds used for eligible business expenses to be deductible. Currently, though the loan proceeds are non-taxable, the expenses that are paid for with the loan proceeds are non-deductible, which simply stated, makes it taxable.

Additionally, **there is potential for a second PPP loan** that would be limited to small businesses with 300 or fewer employees that have sustained a 30 percent revenue loss in any quarter of 2020.

We will continue to monitor changes and seek to provide clarity on these changes as it becomes available.