

Paycheck Protection Program Flexibility Act

The Paycheck Protection Program (PPP) has provided much-needed relief to millions of small businesses and their employees. The Paycheck Protection Program Flexibility Act addresses the varying needs of small businesses and ensures that they can focus on getting back on their feet.



The legislation assists businesses in the following ways:

Extends the forgiveness period to 24 weeks

- Small businesses that prefer to stay within the original 8-week window can opt-out of the extension.
- Extends deferment window to end once the Small Business Administration (SBA) makes the forgiveness payments to the lender on the borrower's behalf.

Adjusts limitations on non-payroll expenses

- Provides additional flexibility to businesses by allowing up to 40% of the loan to be used for non-payroll expenses, such as rent, utilities and mortgages. The previous limit was 25% for non-payroll expenses.

All new PPP loans will receive a 5-year maturity. Existing loans will remain at a 2-year maturity

- Extending the loan maturity gives businesses more time to rebuild.

Allows businesses that receive forgiveness to also receive payroll tax deferment

- This adjustment ensures that businesses have the capital they need to recover from this crisis.

Creates a safe harbor for businesses who are unable to rehire workers

- Extends the deadline to rehire employees from June 30, 2020 to December 31, 2020 in order to receive forgiveness.
- The CARES Act included generous unemployment benefits, and many Americans are making more on unemployment than they did while working. Businesses that make a good faith effort to rehire workers but are unable to due to the enhanced unemployment assistance, will not be penalized for the purpose of loan forgiveness.
- Businesses are also struggling to reopen to pre-COVID levels and rehire workers due to enhanced safety and social distancing measures. Businesses that reopen but cannot rehire workers due to these enhanced measures will not be penalized for the purpose of loan forgiveness.