



**Van Houten & Associates, PC**  
CERTIFIED PUBLIC ACCOUNTANTS

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Dear Clients and Friends,

Summary of Latest Developments: regarding the Coronavirus pandemic that affects taxpayers.

Congress (both houses) passed the Paycheck Protection Flexibility Act yesterday, and President Trump is expected to sign it. This law will solve many of the challenges borrowers faced in meeting the forgiveness requirements under the prior bills. The SBA is expected to issue a revised forgiveness application form and set of instructions to conform to these changes. We will post a link on our website to the new documents as soon as they are issued.

**What are the major changes?**

- The June 30, 2020 deadline for spending the PPP funds will be extended to December 31, 2020. However, June 30, 2020 is still the deadline for submitting an application to receive the PPP loan.
- There can be an extension of time to extend the original 8-week covered period in which to spend the PPP funds to 24 weeks for current PPP borrowers. New PPP borrowers will automatically have a 24-week covered period, but the final deadline cannot go past December 31, 2020.
- The original requirement that borrowers had to spend 75% of the total PPP funds on payroll-related costs has been reduced to 60%. Currently, a borrower is required to reduce the forgiveness amount if less than 75% of the PPP funds were used for payroll costs, but forgiveness isn't eliminated if the 75% threshold isn't met. Under the language of this new bill, if a borrower doesn't spend 60% of the PPP funds received on payroll costs, then none of the loan will be forgiven. Legislators have already indicated that this language might be tweaked to reinstate the sliding scale of forgiveness at 60%.
- The loan term can be extended from 2 years to 5 years for existing borrowers and new borrowers will have 5 years to repay.
- Businesses who borrowed PPP funds can elect to delay payment of their payroll taxes, which the CARES Act previously prohibited.
- There are two new exceptions allowing borrowers to receive full PPP loan forgiveness even if they are unable to fully restore their workforce to their February 15th level. One exception deals with businesses who are unable to find qualified employees and the other gives an exception to businesses who are unable to restore business operations due to COVID-19 related operating restrictions.

We will continue to keep you updated and are here to assist if needed.

Keep safe and healthy,

VHA Team