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SBA Issues Interim Final Rule on Paycheck Protection Program, Payroll

Update (04/06/2020)

SBA Issues Interim Final Rule on Paycheck Protection Program

The Small Business Administration (SBA) has issued an [interim final rule](#) on the Paycheck Protection Program (PPP).

The PPP authorizes up to \$349 billion in forgivable loans to small businesses to pay their employees during the COVID-19 crisis. Loans will be forgiven as long as: (1) the loan proceeds are used to cover payroll costs, and most mortgage interest, rent, and utility costs over the 8 week period after the loan is made; and (2) employee and compensation levels are maintained. Payroll costs are capped at \$100,000 on an annualized basis for each employee.

All businesses with 500 or fewer employees, including nonprofits, veterans organizations, Tribal business concerns, sole proprietorships, self-employed individuals, and independent contractors, can apply to the program. Businesses in certain industries can have more than 500 employees if they meet applicable SBA employee-based size standards for those industries. Although the program is open until June 30, 2020, the Treasury is encouraging borrowers to apply as quickly as they can because there is a funding cap and lenders need time to process their loan.

Small businesses and sole proprietorships can already apply for the program. Independent contractors and self-employed individuals must wait until April 10 to apply for the program.

The 30-page plus interim final rule includes the following sections: (1) What Do Borrowers Need to Know and Do?, (2) What Do Lenders Need to Know and Do?, and (3) What do Both Borrowers and Lenders Need to Know and Do?

The rule includes examples for borrowers on how to calculate the maximum amount that they can borrow.

New loan applications. There is now an April 2020 version of the **borrower application form** and an April 2020 version of the **lender application form**.

For further information on the Payroll Protection Program, see April 1 and April 3 Payroll Updates.

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