



Paycheck Protection Program Flexibility Act

Congressman Joe Morelle • New York's 25th Congressional District

ESTABLISHED to help eligible small businesses weather the unprecedented COVID-19 pandemic, the Paycheck Protection Program (PPP) aimed to provide cash-flow assistance to employers to help maintain staff and work through financial hardships. As we work to respond to this pandemic, learning more everyday about its impact and trajectory, it has become clear that the initial strategy for relief did not go far enough. The Paycheck Protection Program Flexibility Act (PPPFA), passed into law on June 5, 2020, is a collection of commonsense, meaningful modifications to the PPP loans that help ensure PPP works best for those who need it most.

EXTENDED EIGHT WEEK COVERED PERIOD

To ensure flexibility for businesses that are still prohibited from opening their doors or are operating under new restrictions, the PPPFA extends the current “covered period” of the loan from eight weeks to 24 weeks. This will provide much needed relief to businesses over the course of the crisis, rather than limited to the early stages of the pandemic.

PAYROLL EXPENDITURE REQUIREMENT REDUCED

We have heard loud and clear that in order to survive this crisis, businesses need more flexibility with non-payroll costs. To address this need, PPPFA reduces payroll expenditure requirements from 75% to 60%, and allows up to 40% of forgiveness costs to consist of eligible non-payroll costs.

LENGTHENED REHIRING DEADLINE

Original intent of PPP loans were to help employers retain their staff but considering the unique nature of the COVID-19 pandemic, coupled with enhanced unemployment benefits, small businesses face significant challenges in restoring staff within the required timeframe. PPPFA extends the deadline to restore staff and wages from June 30 to December 31, 2020.

DELAYED LOAN REPAYMENT TIMELINE

PPPFA extends the maturity date of portions of loans that are not reimbursed from 2 years to 5 years to address the reality that many businesses will need more than 2 years to regain a level of business operation that provides sufficient revenue to pay back their PPP loan.

PAYROLL TAX DEFERMENT

PPPFA allows PPP loan recipients who obtain loan forgiveness to delay payment of 2020 payroll taxes. The law recognizes that given the unique nature of the COVID-19 pandemic, PPP loan forgiveness and payroll tax deferral should not be considered double-dipping – these benefits are both crucial to working through these difficult times.

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