



CONSOLIDATED APPROPRIATIONS ACT  
2021

(COVID RELIEF FUNDS 2020-2021)

FPV & GALINDEZ<sup>LLC</sup>

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# Agenda

- Introduction
- Updated Stats: PPP and Coronavirus Relief Fund use in Puerto Rico
- HEROES VS HEALS
- Final Outcome: Consolidated Appropriations Act, 2021 (H.R. 133)
- Key Provisions Coronavirus Relief Fund \$900B
- PPP 2.0
- Final Q&A
- **Appendix:**
  - Consolidates Appropriations Act, 2021 - Appropriations
  - PPP Final Guidelines and Application Forms (updated: 1/8/2021)
  - AICPA: Summary of Year-End Coronavirus Relief Act
  - \$908 billion economic relief proposal (detailed)
  - SBA Fact Sheet (published 1/10/2021)

# Introduction



# Timeline of Federal Funds: Part #1 (March 13, 2020-April 24, 2020)

Actions	Est. Amount (billions)
Phase 1: Preparedness and Response Supplemental Appropriations Act	\$8
Phase 2: Families First Coronavirus Response Act	104
Phase 3: Coronavirus Aid, Relief, and Economic Security Act	2,283
Phase 3.5: April 2020 Package	484
<b>Subtotal Fiscal Policy Action</b>	<b>\$2879</b>

# Timeline: COVID-19 Federal Funds

- **Stafford Act:** On March 13, 2020, the President declared a national emergency in response to the COVID-19 pandemic. The declaration allows the administration to use the Stafford Act, and makes available \$50 billion in emergency funding to states and territories.
- **Phase #1:** The emergency declaration follows a \$8.3 billion emergency COVID-19 aid package signed by the President on March 6, 2020, known as the **Coronavirus Preparedness and Response Supplemental Appropriations Act**.
- **Phase #2:** On March 18, 2020, the **Families First Coronavirus Aid Package** was enacted. The bill includes free COVID-19 testing for those uninsured, emergency paid sick leave, expanded family and medical leave programs, unemployment assistance, food aid and federal funding for Medicaid.
- **Phase #3:** On March 27, 2020 the CARES Act, was signed into law. As a result, ***State and Local governments received \$150 billion as part of the Coronavirus Relief Fund (CRF), one of the main programs under CARES Act***, to help fund the unanticipated costs of fighting the pandemic. Additionally, the bill established a \$500 billion lending fund for businesses, states and cities. Also, eligible taxpayers received a direct payment of \$1,200 and \$500 for each dependent child.

# Timeline of Federal Funds: Part #1 (cont.)

**Phase #4:** On April 24, 2020, the PPP and Health Care Enhancement Act was signed into law as an amendment to the CARES Act including a \$484 billion package which includes:

- \$310 billion for the SBA's PPP with \$60 billion allocated for loans made by small lenders and community-based institutions;
- \$50 billion for the SBA's Economic Injury Disaster Loan (EIDL) program;
- \$10 billion for the SBA's Emergency Economic Injury Grant (EEIG) program;
- \$75 billion for Hospital and Provider Grants under the Public Health and Social Services Emergency Fund;
- \$25 billion for necessary expenses to research, develop, validate, manufacture, purchase, administer and expand capacity for COVID-19 tests

**Phase #5:** On June 5, the PPP Flexibility Act of 2020 was signed including:

- Change to include 24 weeks instead of 8 to use the funds
- Reduced payroll requirement from 75% to 60%.



# Timeline: Executive Orders and Memos of August 8, 2020

On August 8th, the President signed an executive order and three memorandum into law:

- \$400 in added unemployment benefits per week
  - \$300 in federal benefits and the remaining \$100 required to be paid by the states.
  - Only individuals who are receiving at least \$100 already in state unemployment benefits are eligible. There is no additional funding for states to provide this benefit.
- Deferral in payroll taxes from September to December 2020.
- The Secretary of Health and Human Services and the CDC Director are to consider if any measures halting eviction for tenants are “reasonably necessary to prevent further spread of COVID-19”. This continued moratorium would affect only federally backed mortgages, which comprise about 12.3 million (28%) of 43.8 million US rental units.
- Student loan repayment deferral and continued waiver of student loan interest through December 31st, 2020.

# Updated Stats: PPP and Coronavirus Relief Fund use in Puerto Rico

## Summary of PPP Approved Lending

Loan Count	Net Dollars	Lender Count
5,212,128	\$525,012,201,124	5,460

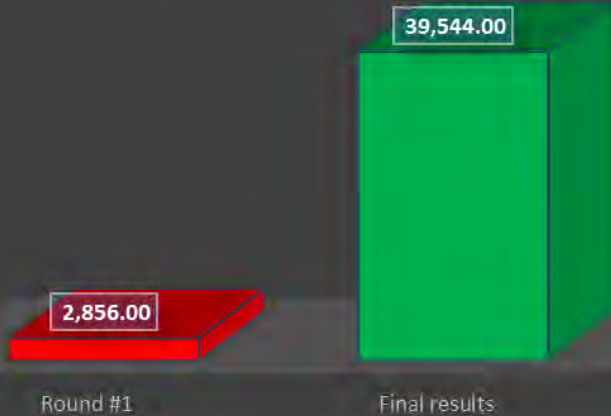
Lender Size	Lender Count	Loan Count	Net Dollars	% of Amount
>\$50 B in Assets	34	1,696,961	\$190,260,579,519	36%
\$10 B to \$50 B in Assets	88	769,963	\$100,975,416,018	19%
<\$10 B in Assets	5,338	2,745,204	\$233,776,205,586	45%

The Paycheck Protection Program (PPP) closed to new loan applications at 11:59pm on August 8, 2020.

Source: <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program>

# Puerto Rico Final Results (as of August 8, 2020)

## TOTAL PPP LOANS ISSUED



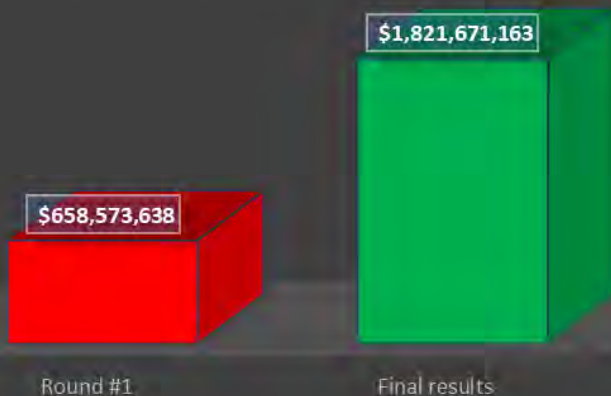
Total Loans issued

**39,544**

Total Approved PPP \$ Amount

**\$1,821,671,163**

## APPROVED \$PPP AMOUNT



### Second round success:

36,688 new loans approved during the second round.

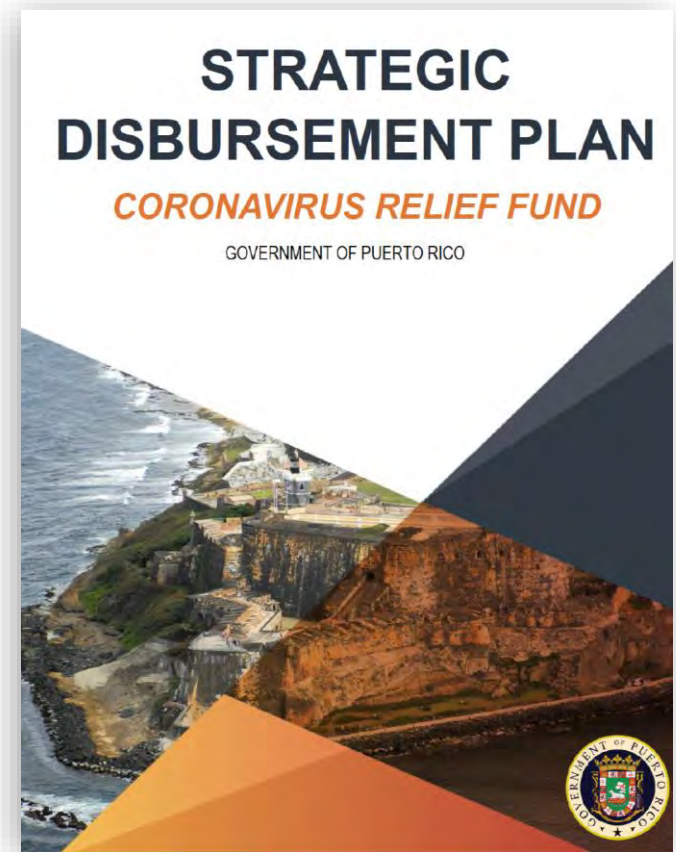
Increase of 176.61% over PPP Loan Approved Amount.

# Coronavirus Relief Fund

- From the \$150 billion allocation \$3 billion were distributed among the territories based on population, as follows:

	Population, 2019	Share of Total Population	Allocation
District of Columbia	705,749	0.1650	\$495,138,063.60
<b>Puerto Rico</b>	<b>3,193,694</b>	<b>0.7469</b>	<b>\$2,240,625,863.80</b>
American Samoa	50,135	0.0117	\$35,173,619.50
Guam	168,147	0.0393	\$117,968,257.80
Northern Mariana Islands	51,718	0.0121	\$36,284,217.70
Virgin Islands	106,631	0.0249	\$74,809,977.60
Total	4,276,074	1.0000	\$3,000,000,000.00

- On April 22, 2020, the Government of Puerto Rico announced that it received over \$2.2 billion from the U.S Treasury Department
- The CARES Act stimulus package was allocated to assist the Island with emergency expenses and mitigate the effects of the global pandemic and the subsequent economic downturn.



Source: Strategic Disbursement Plan Coronavirus Relief Fund <https://www.aafaf.pr.gov/assets/strategic-disbursement-plan-crf.pdf>

# Coronavirus Relief Fund: Programs

Program		Investment
1	Reserve & Reimbursement to the General Fund and the Emergency Reserve for Eligible Expenses	\$485,625,863.80
<b>2</b>	<b>Private Sector Payroll Program</b>	<b>\$350,000,000</b>
3	Assistance Program to Small Business	\$250,000,000
4	COVID-19 Testing and Contact Tracing Program	\$150,000,000
5	Allocation to the Unemployment Fund Trust	\$150,000,000
6	Assistance Program to Self-employed Individuals	\$200,000,000
7	Allocation to the 78 municipalities for eligible expenses	\$100,000,000
8	Acquisition of Materials and Personal Protective Equipment	\$100,000,000
9	Assistance Program to Private Hospitals	\$150,000,000
10	Assistance Program to Medium Businesses	\$100,000,000
11	Emergency Assistance – Public Hospitals	\$50,000,000
12	Assistance Program to the Tourism Industry	\$50,000,000
13	Remote Work Distance Education Program of the Government of PR	\$40,000,000
14	Telemedicine Program in Puerto Rico	\$40,000,000
15	COVID-19 Emergency Expenses – Prisons	\$10,000,000
16	Workshops and Training Program for SMEs	\$10,000,000
17	Program of Assistance and Care – Homeless Population	\$5,000,000
		<b>\$2,240,625,863.80</b>

\*The Strategic Disbursement Plan for the Coronavirus Relief Fund was established by the Executive Order No. OE-2020-040

## Coronavirus Relief Fund, Cont.

The CARES Act established the \$150 billion Coronavirus Relief Fund.

Treasury has made payments from the Fund to States and eligible units of local government; the District of Columbia and U.S. Territories (the Commonwealth of **Puerto Rico**, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands); and Tribal governments (collectively “governments”).

The CARES Act requires that the payments from the Coronavirus Relief Fund only be used to cover expenses that:

- Are **necessary expenditures** incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19);
- Were **not accounted for in the budget most recently approved** as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and
- Were incurred during the period that begins on **March 1, 2020 and ends on December 30, 2020.**

# Coronavirus Relief Fund: Program Extension

Extends the date by which state and local governments must make expenditures with CARES Act Coronavirus Relief Fund (CRF) awards from Dec. 30, 2020, to Dec. 31, 2021.

11           **TITLE X—MISCELLANEOUS**

12   **SEC. 1001. CORONAVIRUS RELIEF FUND EXTENSION.**

13           Section 601(d)(3) of the Social Security Act (42  
14   U.S.C. 801(d)(3)) is amended by striking “December 30,  
15   2020” and inserting “December 31, 2021”.



# Status use of Funds as of December 31, 2020:

## 38% AVAILABLE



### Strategic Disbursement Plan Funding Summary Coronavirus COVID-19 Relief Fund

As reporting by AAFAF on: Dec 31, 2020

Concepts	Planned Cost (\$)	Reserve Balance (\$)	Total stakeholders	Disbursed (\$)	Remaining (\$)	Transfer out to agency (\$)
Incremental CRF spending	\$ 2,240,625,864	250,010,496	\$ 227,687	\$ 1,377,960,680	\$ 862,665,184	\$ 416,557,859
<b>Current Total cost</b>	<b>\$ 2,240,625,864</b>	<b>\$ 250,010,496</b>	<b>\$ 227,687</b>	<b>\$ 1,377,960,680</b>	<b>\$ 862,665,184</b>	<b>\$ 416,557,859</b>

#### Incremental CRF spending

CFR Disbursement Category	Planned Cost (\$)	Cost Plus Reserve (\$)	Total stakeholders	Disbursed (\$)	Remaining (\$)	Transfer out to agency (\$)
Private Sector Payroll Protection Program	\$ 350,000,000	56,668,160	7,279	\$ 56,668,160	\$ 0	\$ -
Assistance Program to Small Businesses	250,000,000	124,050,000	25,384	122,216,000	1,834,000	-
COVID-19 Testing and Contact Tracing Program	150,000,000	150,000,000	-	49,915,098	100,084,902	98,172,773
Allocation to the Trust Fund of the Unemployment Fund of the Department of Labor and Human Resources <sup>2</sup>	150,000,000	300,000,000	-	150,000,000	150,000,000	-
Assistance Program to Self-Employed Individuals	200,000,000	200,000,000	190,072	190,072,000	9,928,000	-
Transfer to the 78 Municipalities for Eligible Expenses <sup>5</sup>	100,000,000	200,000,000	235	176,166,821	23,833,179	-
Acquisition of Materials and Personal Protective Equipment	100,000,000	120,000,000	-	35,432,987	84,567,013	111,576,660
Assistance Program to Private Hospitals <sup>4</sup>	150,000,000	315,000,000	245	314,250,000	750,000	-
Assistance Program to Medium Businesses	100,000,000	14,897,208	1,269	12,682,000	2,215,208	-
Emergency Assistance - Public Hospitals	50,000,000	75,000,000	13	45,524,529	29,475,471	32,189,673
Assistance Program to the Tourism Industry <sup>8</sup>	50,000,000	100,000,000	1,069	81,747,613	18,252,387	3,667,265
Remote Work Program of the Government of Puerto Rico	40,000,000	90,000,000	2,019	53,100,618	36,899,382	84,869,525
Telemedicine Program in Puerto Rico	40,000,000	40,000,000	-	23,247,902	16,752,098	40,000,000
COVID-19 Emergency Expenses in Prisons	10,000,000	10,000,000	-	8,363,398	1,636,602	9,759,404
Training Program & Workshops for SMEs on issues related to COVID-19 <sup>7</sup>	10,000,000	-	-	-	-	-
Program of Assistance and Care - Homeless Population	5,000,000	5,000,000	-	244,103	4,755,897	3,172,379
Administrative Expenses Program-Reserve <sup>3</sup>	-	50,000,000	-	5,701,699	44,298,301	7,195,399
Reserve	485,625,864	250,010,496	-	-	250,010,496	-
The Federal Emergency Management Agency (FEMA) Non-Federal Matching Funds	-	50,000,000	-	504,038	49,495,962	12,893,282
Assistance Program-Reserve <sup>6</sup>	-	-	-	-	-	-
Student Technology Solutions Program-Reserve <sup>1</sup>	-	90,000,000	102	52,123,715	37,876,285	13,061,500

# Status use of Funds as of December 31, 2020: PPP "Boricua" 83% AVAILABLE

## Strategic Disbursement Plan Template - COVID-19 Weekly Report - FY2020-21

As reporting by AAFAF on: Dec 31, 2020

**Measure:** Private Sector Payroll Protection Program

**Cost:** \$350,000,000.00

**Description:** To fund a private sector payroll protection program, which will reimburse private employers, subject to certain terms and conditions, up to 50% of the payroll that they continued to pay to their employees during the COVID-19 emergency, despite the fact that their operations have been interrupted by the COVID-19 emergency.

**Restrictions:** To be eligible, businesses must not have participated, or participate in the future in the program Paycheck Protection Program ("PPP") of the Small Business Administration ("SBA"). This program will only be available to companies with 500 employees or less and an annual gross income of \$10,000,000 or less. This will be a first come, first served basis program.

**Agency:** Department of the Treasury, DDEC and DTRH

Date	Reference	Description	Number of stakeholders	Disbursed	Balance
Dec 10, 2020	GENTAX	INCENTPPP	12	88,696	294,335,231
Dec 11, 2020	GENTAX	INCENTPPP	6	24,633	294,310,598
Dec 14, 2020	GENTAX	INCENTPPP	19	95,520	294,215,078
Dec 15, 2020	GENTAX	INCENTPPP	17	69,498	294,145,580
Dec 16, 2020	GENTAX	INCENTPPP	12	50,879	294,094,701
Dec 17, 2020	GENTAX	INCENTPPP	20	83,920	294,010,781
Dec 18, 2020	GENTAX	INCENTPPP	26	143,750	293,867,031
Dec 21, 2020	GENTAX	INCENTPPP	30	128,555	293,738,476
Dec 22, 2020	GENTAX	INCENTPPP	27	127,931	293,610,545
Dec 23, 2020	GENTAX	INCENTPPP	37	278,705	293,331,840
<b>Total</b>			<b>7,279</b>	<b>\$ 56,668,160</b>	<b>\$ 293,331,840</b>

# Status use of Funds as of December 31, 2020: Assistance Program to Small Business 50% AVAILABLE

Strategic Disbursement Plan Template - COVID-19  
Weekly Report - FY2020-21

As reporting by AAFAP on: Dec 31, 2020

**Measure:** Assistance Program to Small Businesses

**Cost:** \$250,000,000.00

**Description:** To provide emergency assistance of up to \$5,000 to each small business or micro-enterprise with between 2 and 49 employees, duly registered in the Merchants Registry of the Department of the Treasury, for the losses caused by the interruption of operations caused by the COVID-19 emergency and/or for necessary expenditures related to COVID-19. This will be a first come, first served basis program. This includes non-profit organizations that provide direct assistance or services to the citizenry.

**Restrictions:** This aid would be subject to terms and conditions to ensure that its use is limited to matters related to the COVID-19 emergency. In addition, the entities that receive them may not use the funds to pay executive bonuses, or to refinance debt, or for other expenses determined to be ineligible. This program will not apply to entities that participate in other programs described in thi plan, including the private sector payroll protection plan. Beneficiaries must spend the money on or before December 30, 2020.

**Agency:** Department of the Treasury, DDEC and DTRH

Date	Reference	Description	Number of stakeholders	Disbursed	Balance
Nov 13, 2020	GenTax	SBAPINCENT	12	59,000	127,891,000
Nov 16, 2020	GenTax	SBAPINCENT	1	5,000	127,886,000
Nov 17, 2020	GenTax	SBAPINCENT	6	29,000	127,857,000
Nov 18, 2020	GenTax	SBAPINCENT	2	10,000	127,847,000
Nov 23, 2020	GenTax	SBAPINCENT	2	10,000	127,837,000
Nov 24, 2020	GenTax	SBAPINCENT	2	9,000	127,828,000
Dec 03, 2020	GenTax	SBAPINCENT	1	5,000	127,823,000
Dec 08, 2020	GenTax	SBAPINCENT	1	5,000	127,818,000
Dec 10, 2020	GenTax	SBAPINCENT	1	5,000	127,813,000
Dec 15, 2020	GenTax	SBAPINCENT	1	4,000	127,809,000
Dec 16, 2020	GenTax	SBAPINCENT	1	5,000	127,804,000
Dec 17, 2020	GenTax	SBAPINCENT	1	5,000	127,799,000
Dec 21, 2020	GenTax	SBAPINCENT	2	10,000	127,789,000
Dec 22, 2020	GenTax	SBAPINCENT	1	5,000	127,784,000
					-
<b>Total</b>			<b>25,384</b>	<b>\$ 122,216,000</b>	<b>\$ 127,784,000</b>

# Status use of Funds as of December 31, 2020: CONTACT TRACING AND TESTING 67% AVAILABLE

**Strategic Disbursement Plan Template - COVID-19  
Weekly Report - FY2020-21**

As reporting by AAFAF on: Dec 31, 2020

**Measure:** COVID-19 Testing and Contact Tracing Program  
**Cost:** \$150,000,000.00  
**Description:** Massive acquisition of COVID-19 tests (both rapid and molecular tests). Funding to continue and expand the contact tracing program to track and isolate people infected with or suspected of being infected with the virus. This includes expenditures on the technological infrastructure to implement said programs. These acquisitions will be in addition to those that may be made under FEMA Category B.  
**Restrictions:** Funds may only be used for eligible expenses. These funds may not be used for expenses that have been or will be reimbursed by other federal programs, including any from the Federal Emergency Management Agency ("FEMA").  
**Agency:** Department of Health, PRITS and OGP

Date	Reference	Description	Number of stakeholders	Disbursed	Balance
Dec 16, 2020	00359135	XPERT TEAM INC		585	105,320,875
Dec 16, 2020	00359156	DROGUERIA BETANCES INC.		128,750	105,192,125
Dec 16, 2020	00359514	VWR ADVANCED INSTRUMENTS, LLC		1,255,680	103,936,445
Dec 16, 2020	00359515	VWR ADVANCED INSTRUMENTS, LLC		784,800	103,151,645
Dec 16, 2020	00359516	VWR ADVANCED INSTRUMENTS, LLC		1,569,600	101,582,045
Dec 16, 2020	00359147	QUEST DIAGNOSTICS		225,000	101,357,045
Dec 16, 2020	00355944	MUNICIPIO DE CAMUY - PUERTO RICO		401,500	100,955,545
Dec 16, 2020	00359117	EDWIN CARDONA & ASOC		9,535	100,946,010
Dec 16, 2020	00359120	EDWIN CARDONA & ASOC		10,811	100,935,198
Dec 16, 2020	00359122	EDWIN CARDONA & ASOC		16,866	100,918,332
Dec 16, 2020	00359129	EDWIN CARDONA & ASOC		21,657	100,896,675
Dec 16, 2020	00359504	EDWIN CARDONA & ASOC		279,979	100,616,696
Dec 16, 2020	00359507	EDWIN CARDONA & ASOC		287,837	100,328,859
Dec 23, 2020	21002426	CRONO & ASSOCIATES CONSULTING		166,606	100,162,253
Dec 28, 2020	21002427	CRONO & ASSOCIATES CONSULTING		77,351	100,084,902

**Total**      **0**      **\$**      **49,915,098**      **\$**      **100,084,902**

# HEROES VS. HEALS



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# HEROES vs. HEALS

## PHASE 4 COMPARISON: DEM AND GOP PROPOSALS

	<b>HEROES ACT</b> House Dems proposal \$3 trillion	<b>HEALS ACT</b> Senate GOP proposal \$1 trillion
Stimulus Checks	\$1,200 per individual with an additional \$1,200 for each child up to three children	\$1,200 per individual with the same formula as the CARES act
Unemployment Benefits	\$600/week through January 2021	\$200-per-week until October; after October, individuals would be paid 70% of prior earnings
Paycheck Protection Program	Extends PPP coverage until December 2020 and modifies PPP funds to ensure they reach underserved communities	Provides \$190 billion to support second loans for PPP recipients; mandates that only firms with 300 or fewer employees and demonstrated revenue decrease can qualify
Health Provisions	\$75 billion for coronavirus testing, contact tracing, and isolation measures	\$16 billion for coronavirus testing; \$16 billion for the NIH; \$3 billion for the CDC
State and Local Funds	\$1 trillion to state, local, territorial and tribal governments for workers providing essential services and COVID-related expenses, such as forgone revenues	Does not contain direct funding for states and localities, however, the legislation alters the provisions to allow the previously allocated state and local aid in a more flexible manner
Liability Shield	N/A	Shields businesses, universities, schools, and hospitals from being sued for coronavirus-related damages for five years
Education Funding	\$90 billion for states to use on early childhood, elementary, secondary, and post-secondary education, with a third for higher ed; suspends student loan repayments until September 30, 2021	\$105 billion for education: \$70 billion targeted to K-12, with 2/3 of the funding to help schools reopen for in-person instruction; \$29 billion for higher ed; \$5 billion for states to distribute to higher ed or K-12
Hazard Pay for Essential Workers	Establishes a \$200 billion fund to provide essential workers with hazard pay	N/A

# \$900B vs. CARES vs. REVISED HEROES

\$908 BILLION STIMULUS BILL VS. CARES ACT VS. HEROES ACT

Source:

<https://www.cnet.com/personal-finance/new-stimulus-package-versus-cares-act-whats-different-this-time/>

	<b>New stimulus bill (Dec. 2020)</b>	<b>CARES Act (March 2020)</b>	<b>Revised Heroes Act (Oct. 2020)</b>
<b>Total cost of stimulus package</b>	\$900 billion	\$2.2 trillion	\$2.2 trillion
<b>Stimulus check maximum payment amount</b>	\$600 to single filers earning under \$75k per year, \$1,200 for joint filers under \$150k. Reduced \$5 per \$100 of income above limits.	\$1,200 to single filers earning under \$75k per year, \$2,400 for joint filers under \$150k. Reduced \$5 per \$100 of income above limits.	Same as CARES.
<b>Stimulus money allocation for child dependents</b>	\$600 for all dependents 16 and under. College students 24 and under are not eligible.	\$500 for all dependents 16 and under. College students 24 and under are not eligible.	\$500 for all dependents, no age limit.
<b>Weekly federal unemployment insurance</b>	\$300 per week in addition to state benefits.	\$600 per week in addition to state benefits.	Same as CARES.
<b>How long enhanced unemployment lasts</b>	Expires March 14 (11 weeks).	Expired July 31 (16 weeks).	Until Jan. 31, 2021, with a transition period extending until March 31, 2020. Allocates \$925 million to help states process claims.

# \$900B vs. CARES vs. REVISED HEROES

## \$908 BILLION STIMULUS BILL VS. CARES ACT VS. HEROES ACT

Source:

<https://www.cnet.com/personal-finance/new-stimulus-package-versus-cares-act-whats-different-this-time/>

	<b>New stimulus bill (Dec. 2020)</b>	<b>CARES Act (March 2020)</b>	<b>Revised Heroes Act (Oct. 2020)</b>
<b>Paycheck Protection Program</b>	\$325 billion total, including \$284 billion in PPP loans, \$20 billion for businesses in low-income communities and \$15 billion for struggling live venues, movie theaters and museums.	Allocated \$659 billion total in forgivable loans for small businesses, who must use 75% on payroll to be eligible for forgiveness. \$130 billion remains, but expires Aug. 8.	Allocates over \$30 billion, additional. Allows second loans to small businesses with fewer than 200 employees that have experienced a 25% reduction in quarterly revenue. Excludes publicly traded firms from eligibility for second loans. Puts limits on businesses with more than one physical location. Streamlines forgiveness process.
<b>Employee tax credit</b>	Renews tax credit from CARES.	Tax credit on 50% of up to \$10,000 in wages.	Enhances tax credit established in CARES Act.
<b>Eviction ban</b>	Extends CDC's eviction moratorium until Jan. 31, 2021 and allocates \$25 for rent relief.	Bans late fees until July 25 and evictions until Aug. 24 on properties backed by federal mortgage programs (Fannie Mae, etc.) or that receive federal funds (HUD, etc.)	\$59.1 billion allocated for rent relief and other housing services. (Eviction moratorium already established by CDC order.)
<b>School reopenings</b>	\$82 billion, including \$4 billion for a governors' relief fund, over \$54 billion for public K-12 and nearly \$23 billion for higher education. Plus, an additional \$10 billion for non-school child care.	Does not address.	\$182 billion for K-12, \$39 billion for higher education, \$57 billion for childcare.



Final Outcome:  
Consolidated  
Appropriations Act, 2021  
(H.R. 133)  
and  
\$900 billion COVID-relief

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## Consolidated Appropriations Act, 2021

- The Consolidated Appropriations Act, 2021 (H.R. 133) is a \$2.3 trillion spending bill that combines **\$900 billion in stimulus relief** for the COVID-19 pandemic in the US, with a **\$1.4 trillion omnibus spending bill** for the 2021 Federal Fiscal Year (combining 12 separate annual appropriations bills) and preventing a government shutdown.
- The bill was passed by Congress on December 21, 2020, and signed it into law on December 27, 2020.
- This bill is one of the largest spending measures ever enacted, surpassing the \$2.2 trillion CARES Act.
- According to the Senate Historical Office, 5,593 pages legislation is the longest bill ever passed by Congress.

# Components

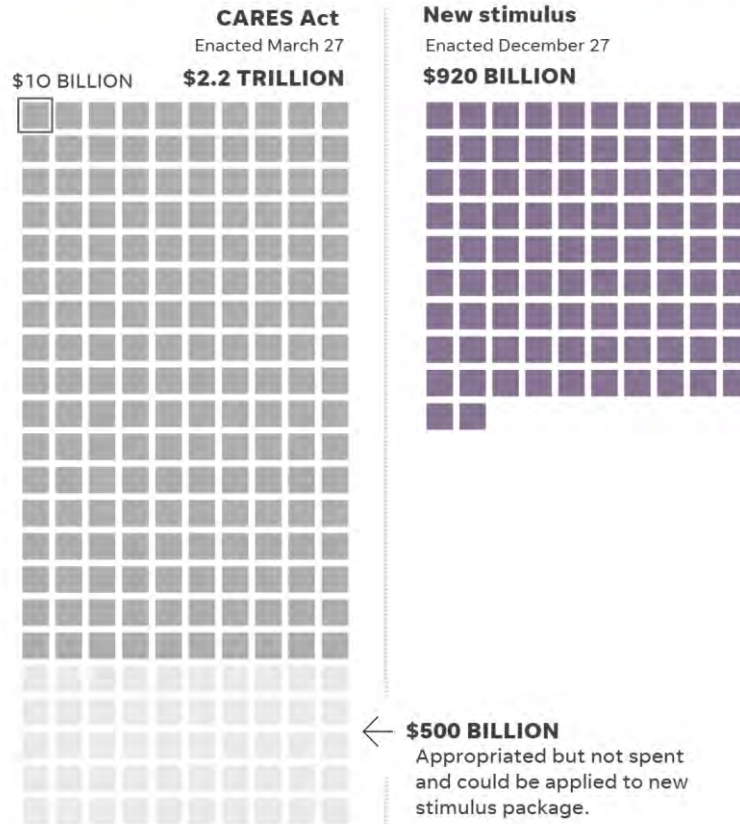
- Coronavirus Relief
  
- Regular Appropriations
  - The regular annual appropriations bills comprise Divisions A through L of the bill, and totals about \$1.4 trillion
  
- Other Provisions
  - Healthcare
  - Taxes
  - Education
  - Foreign & Human Rights Policy
  - Energy and Environmental Provisions
  
- The bill included two additional provisions:
  - The Hyde Amendment, which prohibits federal funds from being used for abortions; and
  - \$1.375 billion for the Mexico-United States border wall.

# Regular Appropriations

- Division A – Agriculture, Rural, FDA
- Division B – Commerce, Justice, Science
- Division C – Defense
- Division D – Energy and Water Development
- Division E – Financial Services, General Government
- Division F – Homeland Security
- Division G – Interior & Environment
- Division H – Labor, Health & Education
- Division I – Legislative Branch
- Division J – Military Construction
- Division K – State and Foreign Operations
- Division L – Transportation, Housing and Urban Development

# CARES VS \$900 billion COVID-relief: SUMMARY

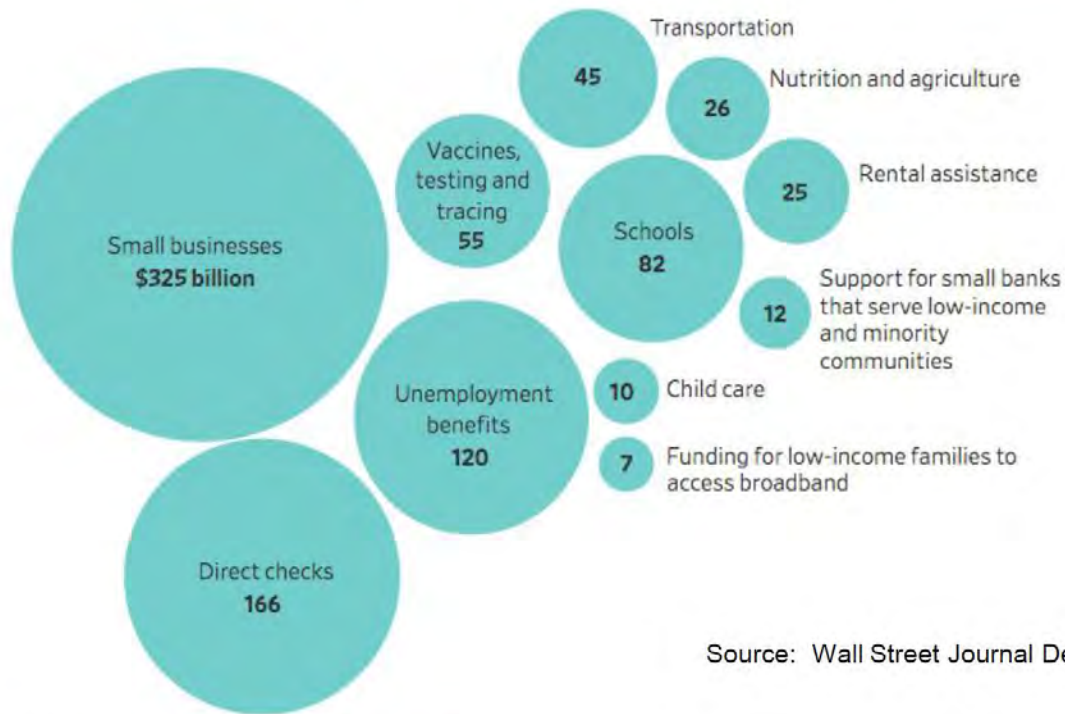
## How the largest COVID-19 stimulus bills compare



SOURCE Committee for Responsible Federal Budget

# CARES VS \$900 billion COVID-relief: SUMMARY (cont.)

## Selected Relief Categories in Billions

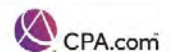


Source: Wall Street Journal Dec. 22, 2020

Source: Legislative text and congressional summaries



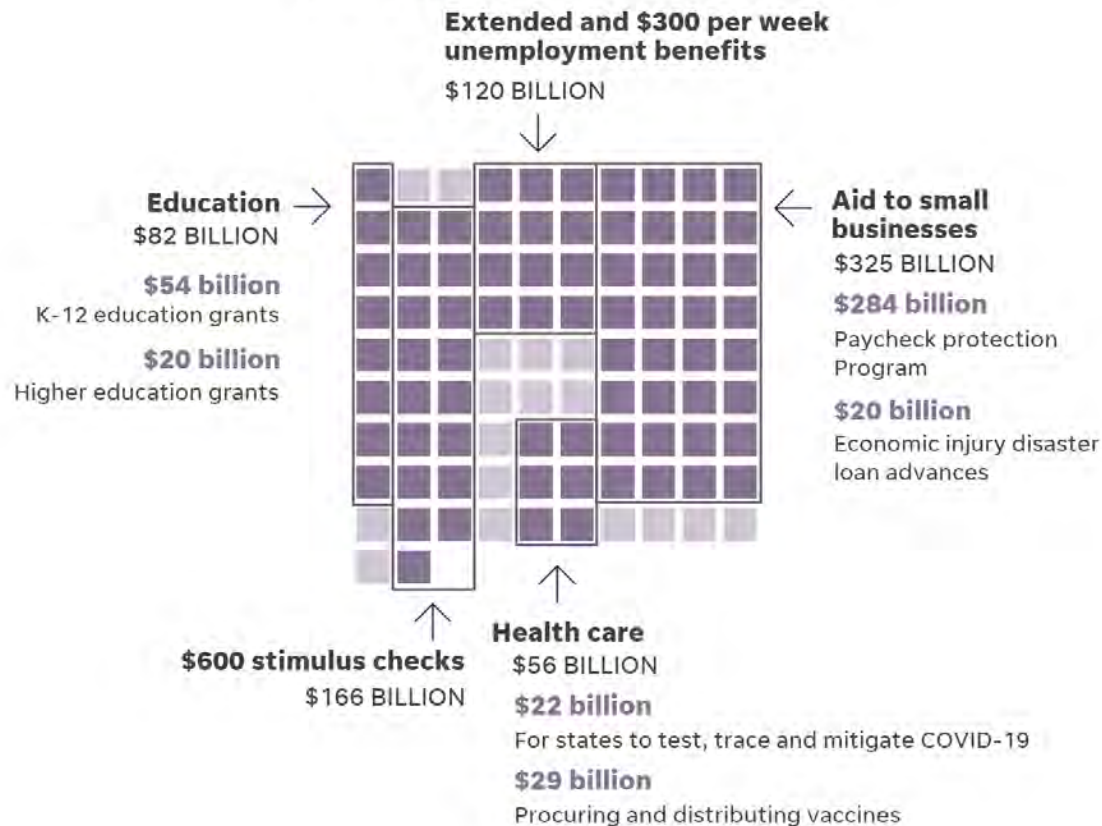
#AICPATownHall



# CARES VS \$900 billion COVID-relief: SUMMARY (cont.)

## Where the money goes

Key categories and subcategories

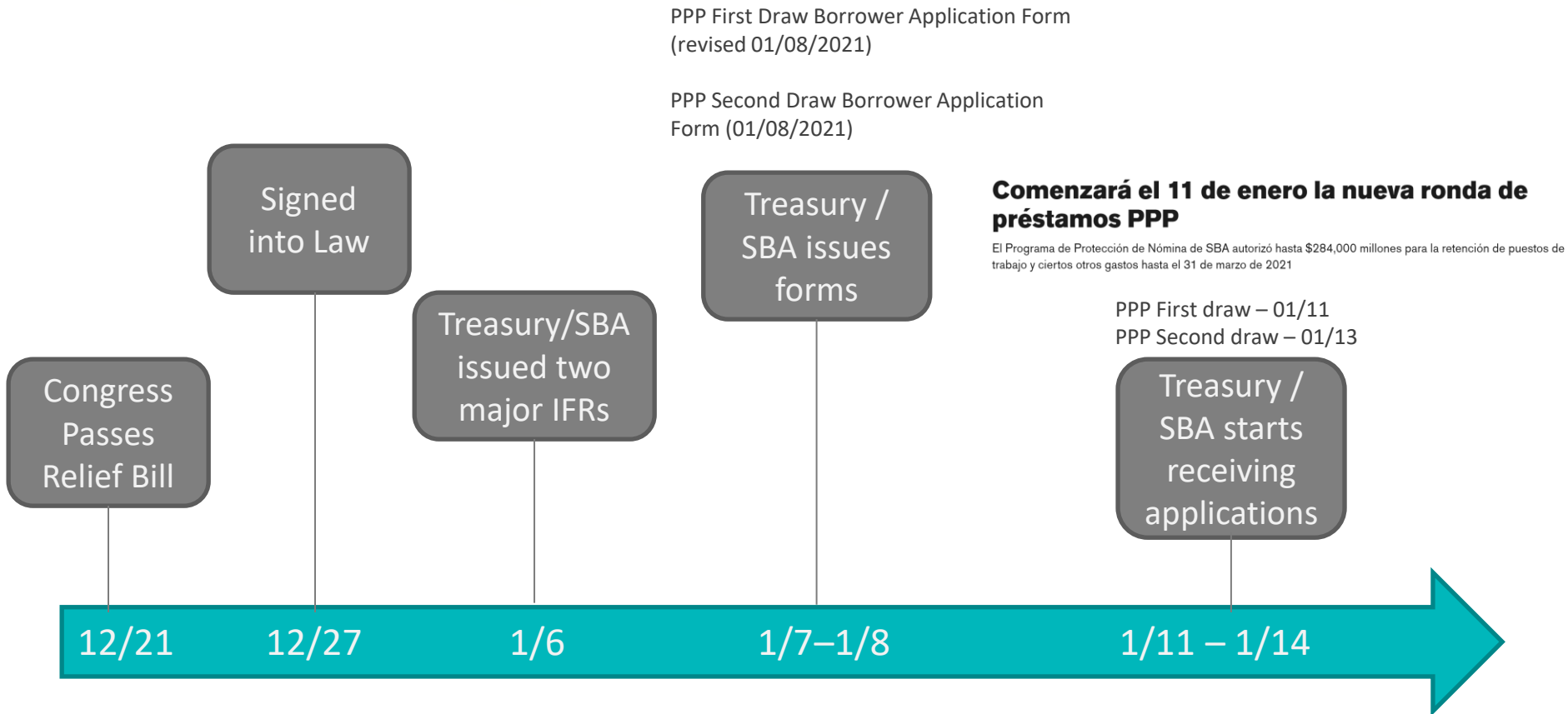


SOURCE Committee for Responsible Federal Budget

Key Provisions:  
Coronavirus Relief Fund  
\$900B  
Program (12/27/2020)

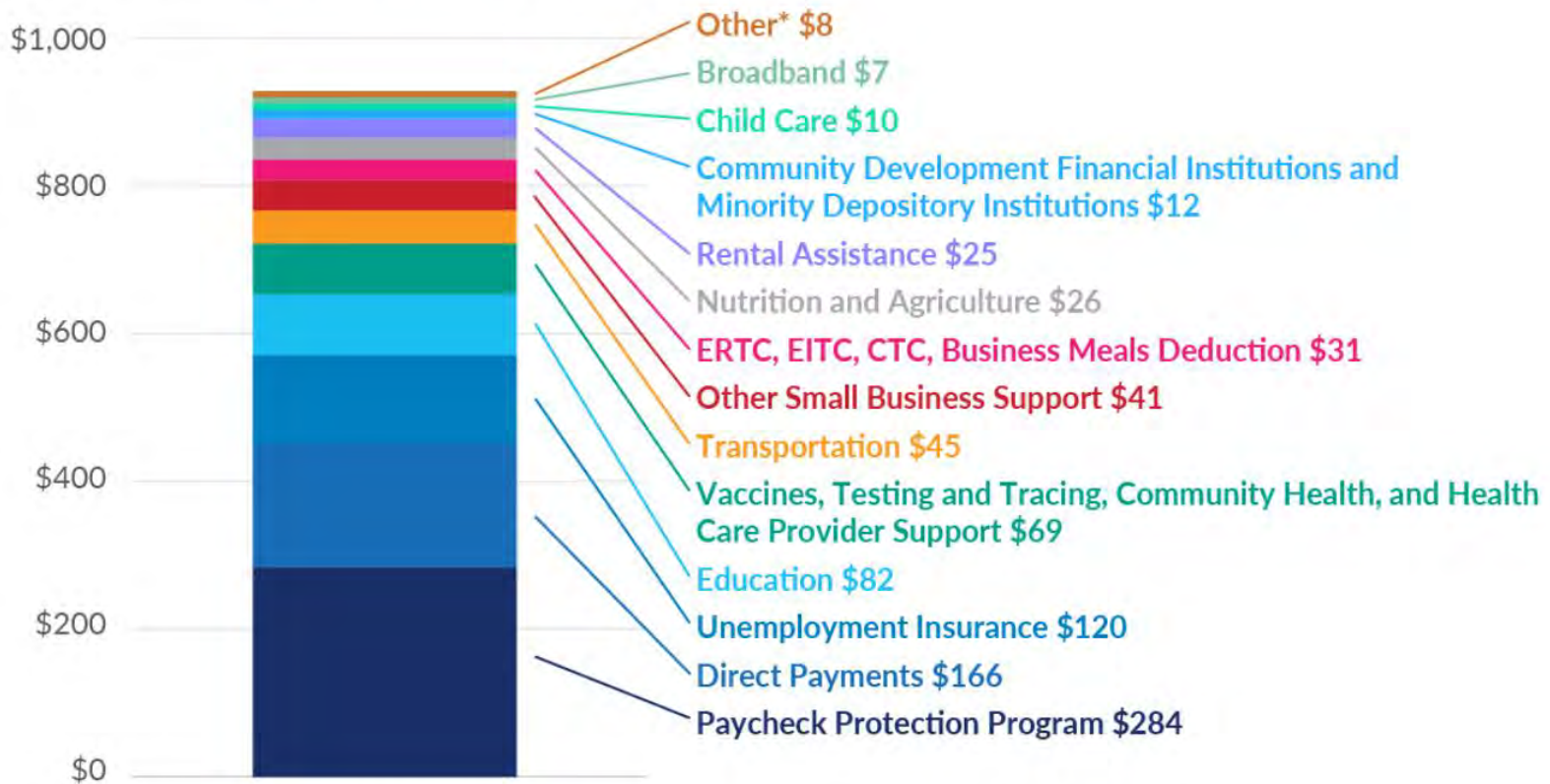


# \$900 Billion Stimulus Act Timeline



# What's in the second round of coronavirus-related relief?

Topline summary of relief in billions of dollars



\*Other includes extension of CARES Act above-the-line charitable deduction and employer-paid student loan exclusion; Families First Paid Leave Tax Credit extension.

Source: COVID-19 Emergency Relief Package - Topline Summary of New Agreement and Joint Committee on Taxation, Estimated Budget Effects of the Revenue Provisions Contained in Rules Committee Print 116-68, The "Consolidated Appropriations Act, 2021"

# Coronavirus Relief: \$900 billion in stimulus relief for the COVID-19

- The Division M and Division N of the Coronavirus Response and Relief Supplemental Appropriations Act, 2021, contains additional coronavirus provisions. It is a follow-on to such actions as the CARES Act and Paycheck Protection Program passed in the spring of 2020.
- The legislation provides roughly \$900 billion in COVID-19 economic relief that builds on provisions enacted in March as part of the CARES Act, and other COVID-19 relief legislation.

\$900 billion	COVID-19 Relief provisions include:
\$166 billion	<p><b>Second round of direct payments for individuals:</b></p> <ul style="list-style-type: none"> <li>- \$600 for individuals making up to \$75,000 per year</li> <li>- \$1,200 for couples making up to \$150,000 per year, and</li> <li>- \$600 payment for each dependent child</li> </ul> <p>(Based on 2019 taxes filed) (No filing required for: retired and disabled workers, Supplemental Security Income recipients, and veterans receiving VA benefits)</p>
\$120 billion	<b>Expanded unemployment benefits that include enhanced unemployment benefits of \$300 per week until mid-March</b>
\$325 billion	<b>Small business assistance, including additional PPP loans and Emergency Injury Disaster Loans</b>
\$82 billion	<b>Emergency education relief assistance</b>
\$69 billion	<b>For vaccines, testing and tracing, and community health care provider support</b>

# CARES VS \$900 billion COVID-relief: Direct Payment (Tax Foundation)



## Direct payments

### CARES Act

Enacted March 27

**\$1,200** for you



Declined to \$0 between \$75K and \$99K

**+ \$1,200** if married



Declined to \$0 between \$150K and \$198K

**+ \$500** for each child under 17



Payment reduced based on income



### Proposed stimulus plan

Enacted December 27

**\$600** for you



Declines to \$0 between \$75K and \$87K

**+ \$600** if married



Declines to \$0 between \$150K and \$174K

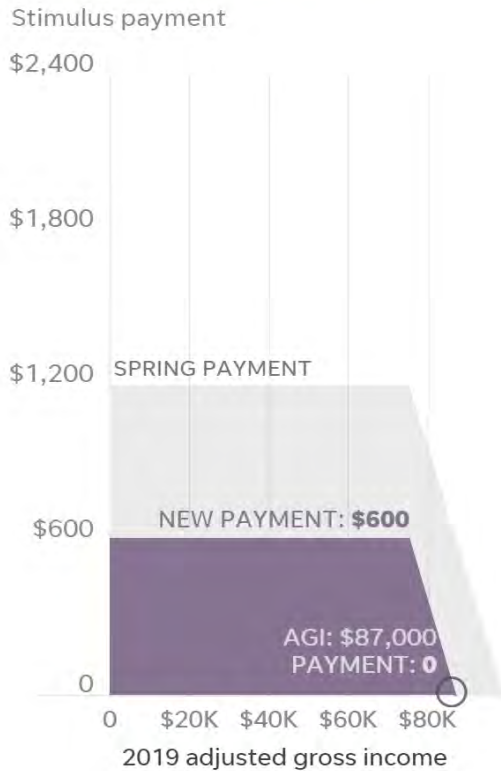
**+ \$600** for each child under 17



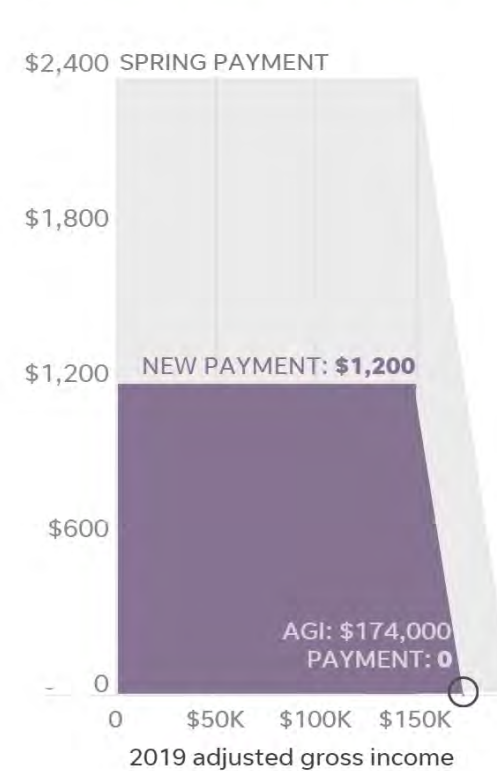
Payment reduced based on income

# CARES VS \$900 billion COVID-relief: Direct Payment (Tax Foundation)

**Single**  
 Reduced payments start at **\$75,000** again but phase out sooner.

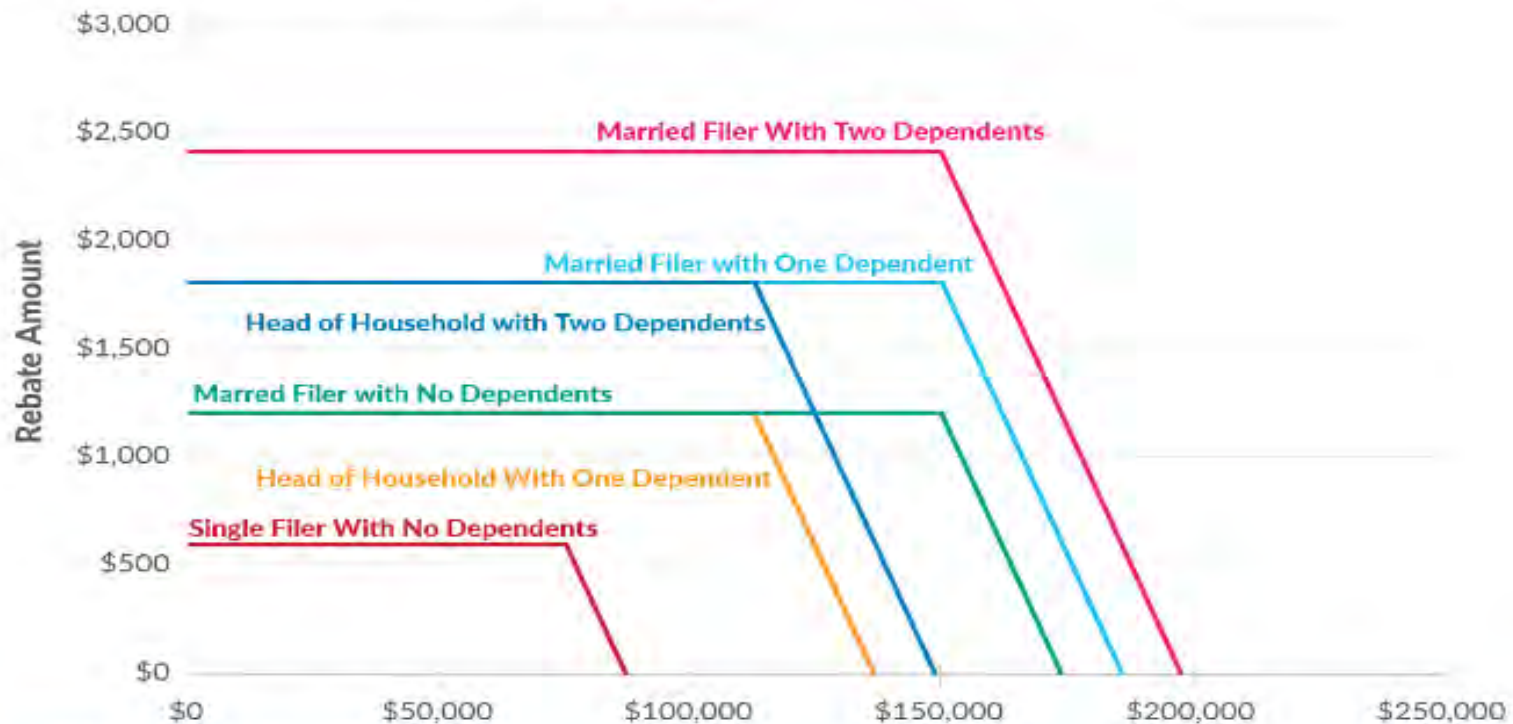


**Married**  
 Reduced payments start at **\$150,000** again but phase out sooner.



# Relief Rebates in the New Coronavirus Relief Package, Dec. 2020

Individual Economic Relief Rebate by Filing Status



Source: Consolidated Appropriations Act, 2021

TAX FOUNDATION

@TaxFoundation

# Lessons from Prior Stimulus

- Deceased People
  - Person must be alive by January 1, 2020
- New Dependent
  - If 2019 Return has not been filed can take benefit with 2020 Return
- Interplay between 2019 and 2020
  - Advance based on 2019 numbers
    - No obligation to return
  - 2018 will not be used in this round
- Incarcerated People
- Timing of Refunds

## Situation in Puerto Rico

- Should apply to 2.8 million residents of Puerto Rico
- Requires
  - Preparation of a Plan
  - Federal Treasury's Department Authorization
- Time to make payment
  - 3 to 4 weeks after approval
- 2019 Income Tax Should be Completed



# \$2,000 Proposed Stimulus Payment

- After the approval of the Act, President Trump requested three things:
  - Increase Stimulus from \$600 to \$2,000
  - Controversial Provision
    - Section 230 Modification
    - Investigate Election
- House of Representatives
  - ONLY approved the Increase to \$2,000
- Senate
  - Insisted in the Inclusion of the Controversial Provisions
  - Could not approve it with those Provisions

# Federal Unemployment Benefits: \$300 per week until March 14, 2021

- \$120 billion for the extension
- Extends the Federal Pandemic Unemployment Compensation (FPUC) program through March 14, 2021, providing an additional \$300 per week for all workers receiving unemployment benefits.
  - Benefit Extended by Executive Order
  - Until December 31, 2020
- Extends and phases out the Pandemic Unemployment Assistance (PUA) to March 14 (no new applicants) through April 5, 2021.
  - Self Employed
  - Gig Workers
  - Non Traditional employment
- Extends and phases out the Pandemic Emergency Unemployment Compensation (PEUC), which provides additional weeks when state unemployment runs out, to March 14 through April 5, 2021. (“Overflow”)
  - Provides additional weeks for those who would otherwise exhaust benefits by increasing weeks available from 13 to 24 with all benefits ending April 5, 2021.

# Federal Unemployment Benefits: \$300 per week until March 14, 2021, Cont.

- Increases the maximum number of weeks an individual may claim benefits through regular state unemployment with the additional PEUC program, or through the PUA program, to 50 weeks.
- Provides an additional \$100 per week for certain workers who have both wage and self-employment income but whose UI benefit calculation does not take their self-employment into account.
- Extends the interest-free loans to states, flexible staffing and nonprofit relief to March 14, 2021.
- **Requires documentation of employment, rather than the self-certification that is currently in use and requires states to verify applicant identity.**
- **Requires states to have a place to report when someone turns down a job and must notify claimants of the requirement to accept suitable work.**
- States may opt to provide an extra benefit of \$100 per week for up to 11 weeks through March 14, 2021, for certain workers who have both wage and at least \$5,000 of self-employment income in most recent taxable year ending prior to application..

# CARES VS \$900 billion COVID-relief



## Unemployment insurance

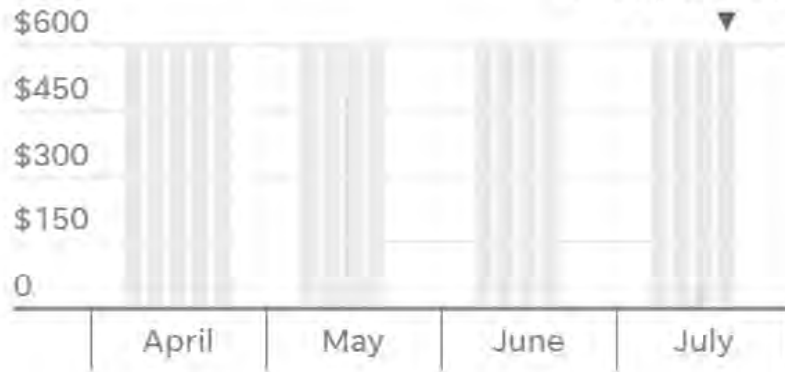
Weekly addition to state benefit

### CARES Act

Enacted March 27

Maximum 17-week benefit: **\$10,200**

**\$600** per week

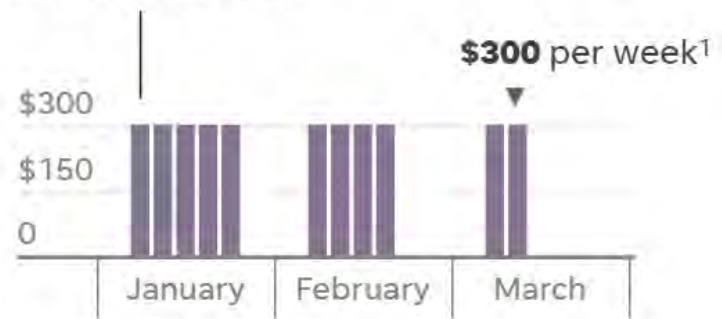


### Proposed stimulus

Enacted Dec. 27

Maximum 11-week benefit: **\$3,300**<sup>1</sup>

The week of Dec. 27



<sup>1</sup> — Some with more than \$5,000 in self-employment income can receive an extra \$100 per week.

# Key Provisions

\$325 billion	<p>Aid for small businesses struggling after nine months of pandemic-induced economic hardships.</p> <ul style="list-style-type: none"> <li>- <b>The bill provides more than \$284 billion to the U.S. Small Business Association (SBA) for first and second PPP forgivable small business loans and allocates</b></li> <li>- \$20 billion to provide Economic Injury Disaster Loan (EIDL) Grants to businesses in low-income communities.</li> <li>- \$15 billion: Shuttered live venues, independent movie theaters, and cultural institutions.</li> <li>- \$12 billion: Business in low-income and minority communities.</li> </ul>
\$166 billion	\$600 stimulus check, for most Americans with an adjusted gross income lower than \$75,000
\$120 billion	For an extension of increased federal unemployment benefits (\$300 per week until March 14, 2021)
\$82 billion	<p>For schools and universities, including:</p> <ul style="list-style-type: none"> <li>- \$54 billion to public K-12 schools,</li> <li>- \$23 billion for higher education;</li> <li>- \$4 billion to a Governors Emergency Education Relief Fund; and</li> <li>- slightly under \$1 billion for Native American schools</li> </ul>
\$69 billion	Vaccines, testing and health providers. Vaccine and treatment procurement and distribution, as well as a strategic stockpile, received over \$30 billion. Testing, contact tracing, and mitigation received \$22 billion.
\$9 billion	Healthcare providers
\$4.5 billion	Mental health
\$25 million	Federal aid to state and local governments for rental assistance programs (also covering rent arrears, utilities, and home energy costs)
\$13 billion	to increase the monthly Supplemental Nutrition Assistance Program (SNAP/food stamp) benefit by 15% through June 30, 2021. <b>Puerto Rico → NAP \$518 Million</b>
\$13 billion	Round of direct payments to the farming and ranching industry
\$10 billion	Childcare (specifically, the Child Care Development Block Grant program).
\$10 billion	U.S. Postal Service (in the form of forgiveness of a previous federal loan).

## Other provisions:

- The legislation also extends the CDC imposed eviction moratorium (halting evictions for failure to pay rent for tenants with annual incomes of less than \$99,000) to January 31, 2021.
- Taxes Provisions:
  - Payroll Tax Deferral: Workers whose payroll taxes have been deferred since September would be given until Dec. 31, 2021, to pay back the government, instead of April 30, 2021, as originally directed by the Treasury Department.
  - Paid Leave Credits: The measure would extend credits for paid sick and family leave provided under the second coronavirus relief package through March 31, 2021.

# First Family Coronavirus Response Act (FFCRA)

- **Components**
  - Emergency Paid Sick Leave Act (“EPSLA”)
  - Emergency Family and Medical Leave Expansion Act (“EFMLA”)
  - Payroll Credit
    - Refundable
- **Effective Date**
  - April 1, 2020
  - Notice 2020-21
- **Eligible Employees**
  - Regular
  - Part Time
  - Leased Employees
  - Under Licensed
- **Applicable to Non-for-Profits**
- **More than 500 Employees**
  - FFCRA Does Not Apply
  - Affiliated Entities
    - Integrated Employer Test
      - Common Management
      - Interplay operations
      - Common Ownership
      - Joint Labor Relations
- **Less than 50 Employees**
  - Might not apply

# Emergency Paid Sick Leave Act ("EPSLA")

- Additional Medical License
  - 80 hours (10 days)
  - With Pay
- Employee is not working
- Puerto Rico Situation
  - Act Effective Date → April 1<sup>st</sup>, 2020
  - Puerto Rico Executive Order → March 15, 2020
- 100% of Salary or \$511 per day = \$5,110
  - Lockdown Order (Federal, state or local)
  - Quarantine by Medical Order
  - Employee with Symptoms of COVID-19
- 2/3 of Salary or \$200 per day = \$2,000
  - Take care person under quarantine
  - Take care of Children
  - Situation listed by the HHS



# Expanded Family and Medical Leave Expansion Act (“EFMLA”)

- 12 Week License
  - Take care of Children
    - No School or Child Care
- Cannot Work
- First 10 Days without Pay
  - EPSL applies
- Payment
  - 2/3 of salary or \$200 per day / \$10,000

# Credits Under FFCRA

- Apply for EPSLA and EFMLA
- Credit can be used
  - Income Tax Withheld: Employee
  - Social Security: Employer/Employee
  - Medicare: Employer/Employee
- A Refund Might Be Requested
  - Form 940
  - Form 7200
    - Refund Advance

## FFCRA Benefits Extension:

- The Families First Coronavirus Response Act was supposed to sunset finish on December 31, 2020
- The Act extends the tax credit through March 31, 2021, for employers that continue to offer paid sick and family leave to their employees.
- The **bill does not extend** the FFCRA provisions that required the public sector employers (state and local government entities) to provide emergency paid sick and family leave.
  - The unfunded federal mandate for state governments to provide emergency paid sick and family leave is still set to sunset on Dec. 31, 2020.

# Employee Retention Credit (ERC): Original Rules

- |  |   |
|--|---|
| <ul style="list-style-type: none"><li>• Computation<ul style="list-style-type: none"><li>– 50% of the first \$10,000<ul style="list-style-type: none"><li>• Period March 12, 2020 – January 1, 2021</li><li>• Quarterly Computation</li></ul></li></ul></li><li>• Available<ul style="list-style-type: none"><li>– Regardless of Size</li><li>– Non For Profit</li><li>– Government</li></ul></li><li>• Requirement<ul style="list-style-type: none"><li>– Total or Partial Suspension of Operations</li><li>– Sales reduced under 50%<ul style="list-style-type: none"><li>• 80% stops qualifying</li></ul></li></ul></li></ul> | <ul style="list-style-type: none"><li>• Maintain Employee Force</li><li>• Credit<ul style="list-style-type: none"><li>– Amount<ul style="list-style-type: none"><li>• 100 employees or less – all salaries</li><li>• More than 100 employees – employees not working</li></ul></li><li>– Can be used against Social Security</li><li>– Excess can be Refunded<ul style="list-style-type: none"><li>• By Semester</li></ul></li></ul></li><li>• Not Available Users of PPP</li></ul> |
|--|---|

# Employee Retention Credit (ERC): Original Rules Example

- Empresa A tiene 4 empleados
  - Alberto (\$48,000)                      – Carlitos (\$24,000)
  - Benito (\$32,000)                      – David (\$8,000)
- La orden de cierre duró tres trimestres

	Sal. Q1	Eligible	Sal. Q2	Eligible	Sal Q3	Eligible
Alberto	12,000	10,000	12,000	-0-	12,000	-0-
Benito	8,000	8,000	8,000	2,000	8,000	-0-
Carlitos	6,000	6,000	6,000	4,000	6,000	-0-
David	2,000	2,000	2,000	2,000	2,000	2,000
<b>Total</b>	<b>26,000</b>	<b>26,000</b>	<b>26,000</b>	<b>8,000</b>	<b>26,000</b>	<b>2,000</b>
<b>Credit</b>		<b>13,000</b>		<b>4,000</b>		<b>1,000</b>

# Section 206: New Rules

## Who can take the ERC?

1. People that took the PPP can now claim the ERC
  - Same “Old Rules”
  - Healthcare costs Situation
2. Cannot be on the same payroll costs as PPP
  - Default is ERC
  - Taxpayer can elect to count wages for PPP Forgiveness
    - Section 2301(g)(1)
3. Change is Retroactive
  - Amend Quarterly Forms 941
  - Catch Up Credit
    - Quarter the Law is Enacted

# Section 207: 2021 Extension

- Extends and expands the CARES ACT employee retention tax credit (ERTC).
- Beginning on Jan. 1, 2021 through June 30, 2021, the provision does the following:
  - Increases the credit rate from 50% to 70% of qualified wages.
  - Extend Term Until July 31, 2021
  - Expands eligibility for the credit by reducing the required year-over-year gross receipts decline from 50% to 20%
    - Using 2019
    - Safe harbor allows employers to use prior quarter gross receipts to determine eligibility.
  - Increases the limit per-employee of creditable wages from \$10,000 for the year to \$10,000 for each quarter.
  - Increases the 100-employee delineation for determining the relevant qualified wage base to employers with 500 or fewer employees.
  - Can be used by people who used the PPP
    - Cannot take double benefits
  - Changes in Advance Rules (Form 7200)
    - Small Business – Pure Advance

# Employee Retention Credit (ERC): 2021 Example

- Empresa A tiene 4 empleados
  - Alberto (\$48,000)                      – Carlitos (\$24,000)
  - Benito (\$32,000)                      – David (\$8,000)
- La orden dura hasta el 30 de junio de 2021

	Sal. Q1	Eligible	Sal. Q2	Eligible	Sal Q3	Eligible
Alberto	12,000	10,000	12,000	10,000	12,000	-0-
Benito	8,000	8,000	8,000	8,000	8,000	-0-
Carlitos	6,000	6,000	6,000	6,000	6,000	-0-
David	2,000	2,000	2,000	2,000	2,000	-0-
<b>Total</b>	26,000	26,000	26,000	26,000	26,000	-0-
<b>Credit</b>		18,200		\$18,200		N/A



# Social Security Deferral (Executive Order)

- Deferral in payroll taxes from September to December—only the employee portion of the Social Security tax. Medicare tax is not included. This would apply for all employees making up to \$104,000.
  - To be repaid by April 30, 2021
  - Widely used by Federal Government Employees
  - Not a lot of private appeal – repayment liability & no forgiveness elements
- Extends the repayment period
  - Original Date April 30, 2021
  - NEW Date December 31, 2021
- The original purposes to forgive the debt was no included

# Meals Deduction

- Meals and Entertainment Deduction
  - Previously was adjusted to 50%
  - Adjusted back to 100%
  - Food or Beverages Provided by a Restaurant
- Lobbied by Restaurant Associations

# Charitable Deduction

- Usually, an itemized deduction
- A \$300 deduction is allowed for non-itemizers
- Requirements
  - Paid in cash
    - Not in property
  - Paid to a charitable entity
    - No private foundations

# Other Tax Provisions

- Educator Expenses Deduction
  - Eligible Educator
    - K-12
  - \$250 Adjustment
    - \$500 if both are educators
  - Include personal Protection Equipment
- Medical Deduction Floor
  - Adjusted back to 7.5% of AGI
  - Previously was modified to 10% o

# Credits Computation

- Benefit
  - Can look at 2019 (instead of looking at 2020) to compute credit amount
    - If more beneficial
- Applicable Credits
  - Child Tax Credit
    - \$2,500 in Income Threshold
  - Earned Income Tax Credit

# BAN Surprise Medical Billing

- Prohibits unexpected bill on “out-of-network provider”
- Example
- Application to Puerto Rico

# PPP: Final Clarifications

## Sec. 276. Clarification of tax treatment of Paycheck Protection Program loans:

- The provision clarifies. *that gross income does not include any amount that would otherwise arise from the forgiveness of a Paycheck Protection Program (PPP) loan*
- The new COVID-19 relief package clarifies that *businesses can deduct expenses paid with forgiven PPP loans. This clarification applies to old loans and to new loans with no limitations.*
- By clarifying both that loan forgiveness is not taxable income and that expenses can be deducted, this provision results in a two-part subsidy to businesses comprised of expense deductions and tax-free loan forgiveness.

# PPP Deductibility

- Gross income does not include any amount that would otherwise arise from the forgiveness of a PPP loan.
- **Deductions are allowed** for otherwise deductible expenses paid with the proceeds of a PPP loan that is forgiven
- Tax basis and other attributes of the borrower's assets will not be reduced as a result of the loan forgiveness.\*
- **Effective as of the date of CARES Act**
- Also applies to Second Draw PPP loans

[IRS Revenue Ruling 2021-02 issued Jan. 6](#)

IRS NewsWire January 6, 2021

**Issue Number: IR-2021-04**

**Inside This Issue**

**Eligible Paycheck Protection Program expenses now deductible**

WASHINGTON – The Treasury Department and the Internal Revenue Service issued [guidance](#) today allowing deductions for the payments of eligible expenses when such payments would result (or be expected to result) in the forgiveness of a loan (covered loan) under the Paycheck Protection Program (PPP).

Today's guidance, [Revenue Ruling 2021-02](#), reflects changes to law contained in the COVID-related Tax Relief Act of 2020, enacted as part of the Consolidated Appropriations Act, 2021 (Act), Public Law 116-260, which was signed into law on Dec. 27, 2020.

The COVID-related Tax Relief Act of 2020 amended the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to say that no deduction is denied, no tax attribute is reduced, and no basis increase is denied by reason of the exclusion from gross income of the forgiveness of an eligible recipient's covered loan. This change applies for taxable years ending after March 27, 2020.

Revenue Ruling 2021-02 obsoletes Notice 2020-32 and Revenue Ruling 2020-27. This obsoleted guidance disallowed deductions for the payment of eligible expenses when the payments resulted (or could be expected to result) in forgiveness of a covered loan.

For more information about this, the COVID-related Tax Relief Act of 2020, and other tax changes, visit [IRS.gov](#).

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# Treatment in Puerto Rico

- Was addressed by Act 57-2020
- Includes
  - Amounts are not taxable
    - Federal & Local Assistance
  - Expenses covered are deductible for tax purposes



# Shuttered Venue Operators

## ELIGIBLE venue operators:

**Category 1:** Live venue operators or promoters, theatrical producer, or live performing arts organization operators;

**Category 2:** Relevant museum operator,

**Category 3:** Motion picture theatre operator;

**Category 4:** Talent representative

## Venue Operators was **both**:

- (a) Fully operational on February 29, 2020; and
- (b) Demonstrates a 25% reduction from the gross earned revenue during the same quarter in 2019 (or 2020, as applicable).

## NOT ELIGIBLE Venues:

- Venue operators owned by public companies, offering performances of a prurient sexual nature, receiving more than 10% of gross revenue from federal funding.

## What is the amount of grants that may be made to a venue operator?

- **Initial grants**
  - **45% of gross** earned revenue in 2019;
  - business started after January 1, 2019, the amount equal to the product of 6 multiplied by the average monthly gross earned revenue for each full month the business was in operation in 2019, or
  - \$10 million
- **Second grant**
  - as of April 1, 2021, the revenues of the business for the most recent calendar quarter are at least 70% less than the revenues for the same quarter in 2019
  - equal to **50% of the amount of the first grant**, but the total amount of grants may not exceed \$10 million

Source: The National Law Review (1/1/2021)

# Category 1: Live venue operators or promoters, theatrical producers, or live performing arts organization operators (collectively, “live venue operators”)

This category contains both businesses that:

- *organize, promote, produce, manage or hosts* live performances; and
- *sell tickets to performances* to live venues.

Live performances, for these purposes, includes concerts, comedy shows, theatrical productions, or other events by performing artists.

Must met all three characteristics:

1. It must impose a cover charge through ticketing or a front door entrance fee;
2. Performers must be paid in an amount that is based on a percentage of sales, a guarantee (in writing or standard contract), or another mutually beneficial formal agreement; and
3. Not less than 70% of the earned revenue of the business is generated through, to the extent related to live events, cover charges or ticket sales, production fees or production reimbursements, nonprofit educational initiatives, or the sale of event beverages, food, or merchandise.

Ticket Brokers:

To qualify, the performers for these live events must be paid in an amount that is based on

- a percentage of sales,
- a guarantee (in writing or standard contract), or
- another mutually beneficial formal agreement.

Source:

<https://www.forbes.com/sites/anthonymitti/2021/01/07/congress-approves-15-billion-in-grants-to-shuttered-live-venues-a-closer-look/?sh=74065bc644f7>

## Category 2: Relevant Museum

- Relevant museum is a 'museum' as defined in section 273 of the Museum and Library Services Act (20 U.S.C. 9172).
- It does NOT include any museum that is organized as a for-profit entity.

## Category 3: Motion Picture Theater Operator

- Business that owns or operates at least one place of public accommodation for the purpose of motion picture exhibition for a fee.
- In simpler terms, a movie theater.

## Category 4: Business Representatives

This includes an agent or manager that does the following three things:

1. As not less than 70% of its business, is engaged in representing or managing artists and entertainers;
2. Books or represents musicians, comedians, actors, or similar performing artists primarily at live events in venues or at festivals; and
3. Represents musicians, comedians, actors or similar artists that are paid in an amount that is based on the number of tickets sold or a similar basis.

Source: <https://www.forbes.com/sites/anthonymitti/2021/01/07/congress-approves-15-billion-in-grants-to-shuttered-live-venues-a-closer-look/?sh=74065bc644f7>

# The business must then meet the following SEVEN requirements:

1. It must have been fully operational on **February 29, 2020**;
2. Had gross revenue during the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, or 4<sup>th</sup> quarter of 2020 that was less than 75% of what it was for the same quarter in 2019;
3. As of the date of any grant:
  - For “live venue operators,” the business is or intends to resume its business of organizing, promotion, producing, managing or hosting future concerts, comedy shows, theatrical productions, or other events;
  - For motion picture theater operators, it is open or intends to reopen for the primary purpose of public exhibition of movies,
  - For relevant museum operator, it is open or intends to reopen, or
  - For talent representatives, it is CURRENTLY representing or managing artists and entertainers.
4. The business cannot have ANY of the following characteristics:
  - It cannot be publicly traded or have received more than 10% of its revenue during 2019 from federal funding.
  - Cannot be majority owned by or controlled by an entity with either of those characteristics
5. The business cannot have MORE THAN TWO of the following:
  - Locations in more than one country,
  - Locations in more than 10 states, or
  - More than 500 employees as of February 29, 2020.
6. NO STRIP CLUBS, and
7. Lastly, the business cannot receive a Paycheck Protection Program loan —either round 1 or the new second round — after December 27, 2020.

Source: <https://www.forbes.com/sites/anthonymitti/2021/01/07/congress-approves-15-billion-in-grants-to-shuttered-live-venues-a-closer-look/?sh=74065bc644f7>

# Shuttered Venue Operators

## In what priority will grants be awarded?

- For a 14-day period the SBA will award **priority grants** to the venue operators that have seen at least a **90% decline in revenue** comparing the period between **April 1, 2020 and December 31, 2020 against the same period in 2019.**
- Immediately thereafter, for another 14-day period, the SBA will then award **second priority grants** to venue operators that have seen at least a **70% decline in revenue.**
- After both priority grants have been satisfied, all other venue operators may then apply. We note that the Act reserves \$3 billion for venue operators that do not qualify under the priority grant provisions.

Source: The National Law Review (1/1/2021)

## Is a grant recipient restricted in how it uses the grant funds?

Yes. A recipient must use the grant funds for the following expenses which were incurred between **March 1, 2020 and December 31, 2021:**

- Payroll costs;
  - Certain rental obligations (utility payments, mortgage obligations, worker protection costs);
  - Payments to certain independent contractors; and
  - Ordinary/necessary expenses
- If not expended by the relevant deadline, the funds must be returned within 1 year after the date of disbursement.
  - Businesses borrowing this month, any amount not spent by December 31, 2021 would need to be returned in January of 2022.
  - Unused supplemental grants must be repaid within 18 months of the date of disbursement

# PPP 2.0



# Special appropriations for the \$284B

- Direct appropriations:
  - \$284.45 billion for PPP, including the following set-asides:
    - Lenders:
      - \$15 billion for PPP loans (initial and second draw) issued by community financial institutions, including community development financial institutions (CDFIs) and minority depository intuitions (MDIs);
      - \$15 billion for PPP loans (initial and second draw) issued by certain small depository institutions.
    - Borrowers:
      - \$35 billion for first-time borrowers, \$15 billion of which for smaller, first-time borrowers with 10 or fewer employees, or loans less than \$250,000 in low-income areas;
      - \$25 billion for second draw PPP loans for smaller borrowers with 10 or fewer employees, or loans less than \$250,000 in low-income areas.

# SBA 1/11/2021 PRESS RELEASE: SBA Re-Opens PPP to Community Financial Institutions First

**WASHINGTON** – The [U.S. Small Business Administration](#), in consultation with the U.S. Treasury Department, re-opened the Paycheck Protection Program (PPP) loan portal today at 9 am ET. SBA is continuing its [dedicated commitment to underserved small businesses](#) and to addressing potential access to capital barriers by initially granting PPP access exclusively to community financial institutions (CFIs) that typically serve these concerns.

When the PPP loan portal re-opened today, it initially accepted [First Draw PPP](#) loan applications from participating CFIs, which include Community Development Financial Institutions (CDFIs), Minority Depository Institutions (MDIs), Certified Development Companies (CDCs) and Microloan Intermediaries. These lenders made up approximately 10% of all PPP participating lenders in 2020. A First Draw PPP loan is for those borrowers who have yet to receive a PPP loan before the program closed in August 2020.

On Jan. 13, 2021, participating CFIs may begin submitting application information to SBA for [Second Draw PPP](#) loans. A Second Draw PPP loan is for certain eligible borrowers that previously received a PPP loan, generally have 300 employees or less, and has suffered a 25% reduction in gross receipts. At least \$15 billion is set aside for additional PPP lending by CFIs.

A few days later, additional lenders will be able to submit First and Second draw PPP loan applications. SBA will continue to provide updates on systems operations during the week of Jan. 11, 2021. Additionally, SBA plans to dedicate specific times to process and assist the smallest PPP lenders with loan applications from eligible small businesses.

The opening of the SBA loan system is designed to efficiently and effectively implement the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act and to ensure increased access to the PPP for minority-, underserved-, veteran- and women-owned small business concerns. SBA also is calling upon its lending partners to redouble their efforts to assist eligible borrowers in underserved and disadvantaged communities.



## SBA 1/13/2021: PPP application dates announced

- The application window for Paycheck Protection Program (PPP) forgivable loans will open Friday for lenders with \$1 billion or less in assets, the US Small Business Administration and Treasury announced.
- The opening, which will take place at 9 a.m. ET, applies for both first- and second-draw PPP loans.
- The program will begin accepting applications for first- and second-draw loans from large lenders on Tuesday, Jan. 19.

# PPP: Eligibility

## Eligible Borrowers:

1. A Business;
2. Nonprofit organization;
3. Housing cooperative;
4. Veterans organization;
5. Tribal business concern,
6. Eligible self-employed individual;
7. Sole proprietor,
8. Independent contractor;
9. Small agricultural cooperative;
10. Eligible 501(c)(6) organization; or
11. Eligible nonprofit news organization

## Eligibility Requirements:

1. Last day to apply for 1<sup>st</sup> and 2<sup>nd</sup> draw PPP:  
**March 31, 2021**
2. 300 employees or less
  - For businesses with NAICS Code 72 or with multiple locations, not more than 300 employees per physical location
3. **25% Gross revenue reduction in at least one 2020 quarter compared to same quarter in 2019**
  - **EIDL and PPP aren't included in gross receipts**
  - Appears to be based on calendar quarter (not a 3-month fiscal quarter). SBA/Treasury will determine.
4. Have used, or will use, the full amount of the First Draw PPP Loan on or before the expected date on which the Second Draw PPP Loan is disbursed to the borrower
5. Comparison periods will defer for borrowers who weren't in operation the entire year of 2019.

## PPP Ineligibility

### Businesses that are ineligible for PPP

- **NEW** - entity that has permanently closed (*per 1.6.21 IFR on 2<sup>nd</sup> draw loans*)
- Businesses not in operation on February 15, 2020
- Entities receiving **Shuttered Venue Operator Grants**
- **Publicly-traded businesses**
- **Lobbying organizations**
- Hedge funds or private equity firms
- Entities affiliated the People's Republic of China or the Special Administrative Region of Hong Kong
- Those registered under the Foreign Agents Registration Act
- If President, Vice President, head of an Executive department, Member of Congress or their spouse own at least 20% of any class of equity
- Entities listed in **13 C.F.R 120.110**, unless otherwise made eligible
- Household employers
- In bankruptcy

Source: AICPA

# First draw borrowers

\$35B for 1<sup>st</sup> time borrowers

## Who's eligible:

- Generally businesses with 500 or fewer employees that are eligible for other SBA 7(a) loans
- Sole proprietors, independent contractors, and eligible self-employed individuals.
- Any business that averages less than 500 employees per physical location that has a NAICS code starting with 72 (accommodation and food services)
- Nonprofits, including churches
- Adds 501(c)(6) and destination marketing organizations
  - 300 or fewer employees
  - Chambers of commerce, economic development, tourism
  - Subject to lobbying threshold (*15% of receipts, 15% of activities, \$1M*)
- Adds certain news organizations (*with limitations*)
- Adds housing cooperatives



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# SBA published guidelines for First Drawers (published 1/8/2021, cont.)

<sup>1</sup> Also eligible to apply for First Draw PPP Loans are businesses with a NAICS Code that begins with 72 (Accommodation and Food Services sector) or eligible news organizations with no more than 500 employees per physical location, as well as housing cooperatives, 501(c)(6) organizations, or destination marketing organizations with no more than 300 employees.

<b>72</b>	<b>Accommodation and Food Services</b>
<b>7211</b>	<b>Traveler Accommodation</b>
<b>721110</b>	<b>Hotels (except Casino Hotels) and Motels</b>
<b>721120</b>	<b>Casino Hotels</b>
<b>721191</b>	<b>Bed-and-Breakfast Inns</b>
<b>721199</b>	<b>All Other Traveler Accommodation</b>
<b>7212</b>	<b>RV (Recreational Vehicle) Parks and Recreational Camps</b>
<b>721211</b>	<b>RV (Recreational Vehicle) Parks and Campgrounds</b>
<b>721214</b>	<b>Recreational and Vacation Camps (except Campgrounds)</b>
<b>7213</b>	<b>Rooming and Boarding Houses, Dormitories, and Workers' Camps</b>
<b>721310</b>	<b>Rooming and Boarding Houses, Dormitories, and Workers' Camps</b>
<b>7223</b>	<b>Special Food Services</b>
<b>722310</b>	<b>Food Service Contractors</b>
<b>722320</b>	<b>Caterers</b>
<b>722330</b>	<b>Mobile Food Services</b>
<b>7224</b>	<b>Drinking Places (Alcoholic Beverages)</b>
<b>722410</b>	<b>Drinking Places (Alcoholic Beverages)</b>

<b>7225</b>	<b>Restaurants and Other Eating Places</b>
<b>722511</b>	<b>Full-Service Restaurants</b>
<b>722513</b>	<b>Limited-Service Restaurants</b>
<b>722514</b>	<b>Cafeterias, Grill Buffets, and Buffets</b>
<b>722515</b>	<b>Snack and Nonalcoholic Beverage Bars</b>

## Second draw borrowers

**Loan amount:** Maximum loan amount = \$2 million

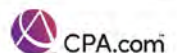
- Calculated at **2.5x average monthly payroll** costs
- **Restaurants, Hotels**, etc. (NAICS Code 72) at **3.5 x average monthly payroll** costs
- Seasonal = 12-week period Feb. 15, 2019 through Feb. 15, 2020
- New = total payroll divided by # months x 2.5
- **Can use 2019, 2020 or 12 months prior to application for payroll costs**
- **Cap of \$4M** for businesses that are part of a single corporate group **(1.6.21 IFR)**

### Covered Period

- Borrower can choose a covered period that is between 8 and 24 weeks.



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# Second draw documentation

- Generally the same as documentation required for First Draw PPP Loans
- No additional documentation to substantiate payroll costs will be required if
  - Used calendar year 2019 figures to determine its First Draw and Second Draw loan amount and
  - The lender is the same
- For loans over **\$150,000** submit documentation on revenue decline such as:
  - Relevant tax forms, including annual tax forms, or, if relevant tax forms are not available, quarterly financial statements or bank statements
- For loans of \$150,000 or less documentation is not submitted with loan application but must be submitted on or before the date the borrower applies for loan forgiveness
  - SBA can request
  - Need to do the comparison anyway to determine eligibility

## Loan Terms

The terms and conditions of the Second Draw PPP Loans are subject to the same terms and conditions as First Draw PPP Loans. These include but are not limited to:

- The SBA guaranteeing 100% of the loans
- No collateral required
- No personal guarantees required
- 1% interest rate calculated on a non-compounding, non-adjustable rate
- The maturity is five years
- All loans will be processed by all lenders under delegated authority and lenders will be permitted to rely on certifications of the borrower to determine borrower eligibility

Source: (IFR issued 1/6/2021 by SBA) Docket No. SBA-2021-0002



# Lenders Requirements (IFR issued 1/6/2021 by SBA)

- Economic Aid Act, states that a lender approved to make First Draw PPP loans may make Second Draw PPP Loans under the same terms and conditions as new First Draw PPP Loans.
- Lenders are subject to the same requirements when making Second Draw PPP Loans as when they are making First Draw PPP Loans. These provisions allow a lender approved to make Second Draw PPP Loans to use existing program guidance and standard operating procedures to the maximum extent practicable.
- If a borrower has not submitted new payroll documentation with its Second Draw PPP Loan application because it previously submitted 2019 payroll information to the same lender when it applied for its First Draw PPP Loan, **then the lender must confirm the borrower's average monthly payroll costs based on that prior documentation.**
- For a Second Draw PPP Loan greater than \$150,000, the lender must confirm the dollar amount and percentage of the borrower's revenue reduction by performing a good faith review, in a reasonable time, of the borrower's calculations and supporting documents concerning the borrower's revenue reduction.
- If the lender identifies errors in the borrower's calculation or a material lack of substantiation in the borrower's supporting documents, the lender should work with the borrower to remedy the issue.

# Payroll Cost Calculation: Maximum Loan

**From the SBA First Drawers Applications Form issued 1/8/2021:**

<b>Average Monthly Payroll:</b>	\$	<b>x 2.5 + EIDL (Do Not Include Any EIDL Advance) equals Loan Request Amount:</b>	\$	<b>Number of Employees:</b>	
<b>Purpose of the loan (select all that apply):</b>	<input type="checkbox"/> Payroll Costs	<input type="checkbox"/> Rent / Mortgage Interest	<input type="checkbox"/> Utilities	<input type="checkbox"/> Covered Operations Expenditures	
	<input type="checkbox"/> Covered Property Damage	<input type="checkbox"/> Covered Supplier Costs	<input type="checkbox"/> Covered Worker Protection Expenditures	<input type="checkbox"/> Other (explain):	

**From the SBA Second Drawers Applications Form issued 1/8/2021:**

<b>Average Monthly Payroll:</b>	\$	<b>x 2.5 (or x 3.5 for NAICS 72 applicants) equals Loan Request Amount (may not exceed \$2,000,000):</b>	\$	<b>Number of Employees (including affiliates, if applicable; may not exceed 300):</b>	
<b>Purpose of the loan (select all that apply):</b>	<input type="checkbox"/> Payroll Costs	<input type="checkbox"/> Rent / Mortgage Interest	<input type="checkbox"/> Utilities	<input type="checkbox"/> Covered Operations Expenditures	
	<input type="checkbox"/> Covered Property Damage	<input type="checkbox"/> Covered Supplier Costs	<input type="checkbox"/> Covered Worker Protection Expenditures	<input type="checkbox"/> Other (explain):	
<b>PPP First Draw SBA Loan Number:</b>					

# Payroll Cost Calculation: Maximum Loan (IFR issued by SBA 1/6/2021)

- Unlike First Draw PPP Loans, the Economic Aid Act provides that the relevant time period for calculating a borrower's payroll costs for a Second Draw PPP Loan **is either**:
  - **The twelve-month period prior to when the loan is made; OR**
  - **The calendar year 2019.**
- **Could I use the Calendar Year 2020 Payroll?**

*IFR uses "calendar year 2020" to refer to "the twelve-month period prior to when the loan is made." Calculating payroll costs based on calendar year 2020 rather than the twelve months preceding the date the loan is made, will simplify the calculations and documentation requirements for borrowers because payroll records are more commonly created and retained on a calendar-year basis*
- The maximum amount of a Second Draw PPP Loan is calculated as **the lesser** of the product obtained by multiplying:
  - ✓ The average total monthly payment for payroll costs incurred or paid by the borrower during 2019 or 2020 (at the election of the borrower);
  - ✓ 2.5; or
  - ✓ \$2,000,000.
- In calculating a borrower's payroll costs, **the borrower must subtract any compensation paid to an employee in excess of \$100,000 on an annualized basis**, as prorated for the time period during which the payments are made or the obligation to make the payments is incurred.

# Payroll Cost Calculation: SEASONAL EMPLOYER

(IFR issued by SBA 1/6/2021)

## Seasonal Employer

- Do not operate more than 7 months in any calendar year or that the preceding calendar year;
- Had gross receipts for 6 months of that year that were not more than 33.33% of the gross receipts of the employer for the other 6 months of that year.

**Calculation:** The lesser of the product obtained of these two options:

(A) Average total monthly payments for payroll costs incurred or paid for any 12-week period between February 15, 2019 and February 15, 2020

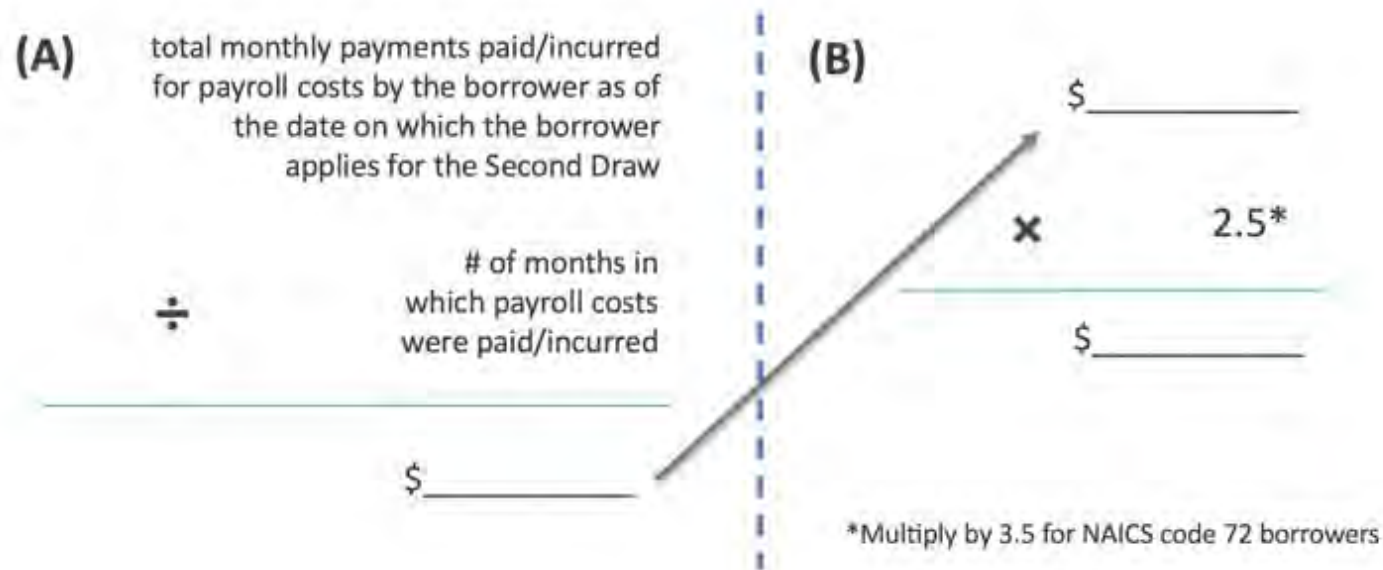
$$\begin{array}{r} \times \qquad \qquad \qquad 2.5^* \\ \hline \$ \underline{\hspace{2cm}} \end{array}$$

(B) \$2,000,000

\*Multiply by 3.5 for NAICS code 72 borrowers

Payroll Cost Calculation: Borrower **DID NOT EXIST** during the 1-year period preceding February 15, 2020, but was in operation on February 15, 2020

The quotient obtained by **dividing and multiplying** the following:



Result cannot exceed \$2,000,000

Payroll Cost Calculation: Income from **self-employment** and files a Form 1040, Schedule C= **HAS NO EMPLOYEES**

Self-employed that **DOES NOT** have any employees

The maximum loan amount is the lesser of the product obtained of these two options:

(A)	(1)	Net profit of the borrower in 2019 or 2020, as reported on IRS Form 1040 Schedule C, that is not more than \$100,000	(B)	\$100,000
		÷		12
	(2)	\$ _____		
		×		2.5
		\$ _____		

Payroll Cost Calculation: Maximum Loan (as described per the IFR issued by SBA 1/6/2021)-income from self-employment and files a Form 1040, Schedule C= HAS EMPLOYEES

Self-employed that has **employees**

The maximum loan amount is the **lesser** of the product obtained of these two options:

(A)	(1)	Net profit of the borrower in 2019 or 2020, as reported on IRS Form 1040 Schedule C, that is not more than \$100,000	12
		÷	
	(2)	\$ _____	
		Average total monthly payment for employee payroll costs incurred or paid by the borrower during the same year elected by the borrower	
		+	
	(3)	\$ _____	
		×	2.5*
		\$ _____	

(B) \$2,000,000

\*Multiply by 3.5 for NAICS code 72 borrowers

# Payroll Cost Calculation: Borrower that files taxes as a PARTNERSHIP

## PARTNERSHIP

The maximum loan amount is the lesser of the product obtained of these two options:

(A)	(1)	Net earnings from self-employment of individual general partners in 2019 or 2020, as reported on IRS Form 1065 K-1, reduced by section 179 expense deduction claimed, unreimbursed partnership expenses claimed, and depletion claimed on oil and gas properties	
	×	0.923537 (that is not more than \$100K)	
		\$ _____	
	÷	12	
		\$ _____	
	+		
(3)		average total monthly payment for employee payroll costs incurred or paid by the borrower during the same year elected by the borrower	
		\$ _____	
	×	2.5*	
		\$ _____	

(B) \$2,000,000

\*Multiply by 3.5 for NAICS code 72 borrowers



# PPP New Eligible Expenses: As stated in the Bill

## Section 304: Additional Eligible Expenses

- Makes the following expenses allowable and forgivable uses for PPP funds:
  - **Covered Operations Expenditures:** Payments for any software, cloud computing service that facilitates business operations, product or service delivery, the processing, payment, or tracking of payroll expenses, human resources, sales and billing functions, and other human resources and accounting needs.
  - **Covered Property Damage Costs:** Costs related to property damage due to public disturbances that occurred during 2020 that are not covered by insurance.
  - **Covered Supplier Costs:** Expenditures to a supplier pursuant to a contract, purchase order, or order for goods in effect prior to taking out the loan that are essential to the recipient's operations at the time at which the expenditure was made. Supplier cost of perishable goods can be made before or during the life of the loan.
  - **Covered worker protection expenditures:** personal protective equipment and adaptive investment to help a loan recipient comply with federal health and safety guidelines or any equivalent State and local guidance related to COVID-19 during the period between March 1, 2020, and the end of the national emergency declaration. This includes:
    - The purchase, maintenance, or renovation of a drive-through window facility, air filtration system; physical barriers, health screening capability, etc.
- Redesignates Section 1106 of the CARES Act and other subsequent conforming amendments as section 7A. This would transfer section 104 of this title to the end of the section 7 of the Small Business Act.
- Allows loans made under PPP before, on, or after the enactment of this act to be eligible to utilize the expanded forgivable expenses except for borrowers who have already had their loans forgiven.

## Definition of Gross Receipts, (IFR 1/6/2021):

- *Gross receipts includes all revenue in whatever form received or accrued (in accordance with the entity's accounting method) from whatever source, including from the sales of products or services, interest, dividends, rents, royalties, fees, or commissions, reduced by returns and allowances.*
- *Generally, receipts are considered "total income" (or in the case of a sole proprietorship, independent contractor, or self-employed individual "gross income") plus "cost of goods sold," and excludes net capital gains or losses as these terms are defined and reported on IRS tax return forms.*
- *For sole proprietorships, independent contractor or self-employed individuals you can look to "gross income" on your Schedule C.*
- *For everyone else you can see "total income" plus costs of goods sold, excluding net capital gains or losses as these are terms defined and reported on your tax return.*

## Definition of Gross Receipts, (IFR 1/6/2021), cont.:

### Gross receipts do not include the following:

- Taxes collected for and remitted to a taxing authority if included in gross or total income (such as sales or other taxes collected from customers and excluding taxes levied on the concern or its employees)
- Proceeds from transactions between a concern and its domestic or foreign affiliates
- Amounts collected for another by a travel agent, real estate agent, advertising agent, conference management service provider, freight forwarder or customs broker.

All other items, such as subcontractor costs, reimbursements for purchases a contractor makes at a customer's request, investment income, and employee-based costs such as payroll taxes, may not be excluded from gross receipts.

# How are Gross receipts defined as noted per AICPA:

## Gross receipts

- **All revenue** in whatever form received or accrued (in accordance with the entity's accounting method) from whatever source including
  - Sales of products or services
  - Interest, dividends
  - Rents
  - Royalties
  - Fees
  - Commissions
  - Reduced by returns and allowances

# Affiliates and businesses with more than one physical location

## IFR Business Loan Program Temporary Changes: (issued 1/6/2020 by SBA)- AFFILIATES:

(ii) Gross receipts of affiliates are calculated as follows:

(A) Gross receipts of a borrower with affiliates is calculated by adding the gross receipts of the business concern with the gross receipts of each affiliate.

(B) If a borrower has acquired an affiliate or been acquired as an affiliate during 2020, gross receipts includes the receipts of the acquired or acquiring concern. This aggregation applies for the entire period of measurement, not just the period after the affiliation arose. However, if a concern acquired a segregable division of another business concern during 2020, gross receipts do not include the receipts of the acquired division prior to the acquisition.

# Businesses with more than one physical location

## IFR Business Loan Program Temporary Changes: (issued 1/6/2020 by SBA)- MORE THAN ONE PHYSICAL LOCATION:

(3) Any business concern that has more than one physical location and that employs not more than 300 employees per physical location is eligible to receive a Second Draw PPP Loan if it is assigned a NAICS code beginning with 72 at the time of loan disbursement and otherwise meets the eligibility criteria in subsection (c)(1).

# Calculating the 25% reduction

- *“The 25% revenue reduction is the new twist, and you can calculate it in a few ways.*
- ***You can compare your quarterly gross receipts for one quarter in 2020 with gross receipts for the corresponding quarter of 2019.***
- ***Here’s the example they use in the IFR: a borrower with gross receipts of \$50,000 in the second quarter of 2019 and gross receipts of \$30,000 in the second quarter of 2020 has experienced a revenue reduction of 40 percent between the quarters and is therefore eligible for a Second Draw PPP loan”***

Source: “Second Draw PPP Loan Regulations Are Out: What You Need To Know”, Forbes 1/7/2021

# Calculating the 25% reduction, Cont.

- *“Alternatively, if you were in operation in all four quarters of 2019, you can qualify if the annual receipts show a 25% or greater reduction in 2020 compared to 2019.*
- *But even if you didn’t experience a 25 percent annual decline in revenues, or weren’t in operation in all four quarters of 2019, you may still meet the revenue reduction requirement under one of the quarterly measurements.*
- ***For businesses that were not operating during the first, second or third quarter of 2019 but were operating in the fourth quarter, you had gross receipts in the first, second, third or fourth quarter of 2020 that demonstrate at least a 25 percent reduction from the fourth quarter of 2019 can still qualify.***
- ***Lastly, if you weren’t operating at all in 2019, but were in operating before February 15, 2020 and had gross receipts during the second, third, or fourth quarter of 2020 that demonstrate a 25 percent reduction from the first quarter, you can also still qualify”***



## Definition of the 25% Revenue reduction requirement as noted in the IFR (1/6/2021 by SBA)

- *The Economic Aid Act provides that, to be eligible for a Second Draw PPP Loan, the borrower must have experienced a revenue reduction of 25% or greater in 2020 relative to 2019.*
- *A borrower must calculate this revenue reduction by comparing the borrower's quarterly gross receipts for one quarter in 2020 with the borrower's gross receipts for the corresponding quarter of 2019.*
- *The IFR specifies that any forgiveness amount of a First Draw PPP Loan that a borrower received in calendar year 2020 is excluded from a borrower's gross receipts.*

# Easier Loan Forgiveness

## Simplified forgiveness

### Simplified loan forgiveness for loans \$150,000 or less

- **SBA has 24 days to prepare the form**
- Sign and submit a one-page form
- Attest to complying with PPP requirements
- Loan amount
- # of employees retained
- Estimate of loan amount spent on payroll
- Retain records
  - 4 years for employment
  - 3 years for other
- Will be required to provide documentation to substantiate loss of revenue when apply for forgiveness



# Loan Forgiveness for new Loans

## Loan forgiveness:

- Borrowers of a PPP second draw loan would be eligible for loan forgiveness equal to the sum of their payroll costs, as well as covered mortgage, rent, and utility payments, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures incurred during the covered period.
- The 60/40 cost allocation between payroll and non-payroll costs in order to receive full forgiveness will continue to apply

Source: H.R. 133 DIVISION-BY-DIVISION SUMMARY OF COVID-19 RELIEF PROVISIONS

**Note:** Detailed descriptions of newly eligible expenses are in Sec. 304 (b) (2)

## PPP Loan Forgiveness

### Costs eligible for loan forgiveness – first and second draws:

- Same as PPP 1:
  - Payroll costs (*clarified to include group life, disability, vision, or dental insurance*)
  - Mortgage interest • Rent • Utility payments
- Covered **worker protection expenditures**: PPE and costs to comply with COVID-19 federal health and safety guidelines
- Covered **supplier costs**: Expenditures to a supplier that are essential to the recipient's current operations
- Covered **operations expenditures**: Software, cloud computing, other HR/accounting
- Covered **property damage costs**: Costs related to 2020 public disturbances not covered by insurance or other compensation
- **Applies to original PPP loans and new PPP loans** (unless forgiveness has already been processed)

**60/40** split between payroll and non-payroll is maintained for 1<sup>st</sup> and 2<sup>nd</sup> draws



# Other Provisions (source: H.R. 133 DIVISION-BY-DIVISION SUMMARY OF COVID-19 RELIEF PROVISIONS)

## **Section 317: Eligibility of News Organizations for Loans under the Paycheck Protection Program.**

- Makes eligible FCC license holders and newspapers with more than one physical location, as long as the business has no more than 500 employees per physical location or the applicable SBA size standard; and makes eligible section 511 public colleges and universities that have a public broadcasting station if:
  - The organization certifies that the loan will support locally focused or emergency information.
- Waives affiliation rules for newspapers, TV and radio broadcasters, and public broadcasters, as long as the organization has no more than 500 employees per physical location or the applicable SBA size standard.
- Waives the prohibition against publicly-traded news organizations from being eligible if the business certifies that the loan will support locally focused or emergency content.

Source: H.R. 133 DIVISION-BY-DIVISION SUMMARY OF COVID-19 RELIEF PROVISIONS

# Other Provisions

## **Section 318: Eligibility of 501(c)(6) and Destination Marketing Organizations for Loan Under the Paycheck Protection Program.**

- Expands eligibility to receive a Paycheck Protection Program loan to include the following organizations:
  - 501(c)(6) organizations if:
    - The organization does not receive more than 15 percent of receipts from lobbying;
    - The lobbying activities do not comprise more than 15 percent of activities;
    - The cost of lobbying activities of the organization did not exceed \$1,000,000 during the most recent tax year that ended prior to February 15, 2020 and
    - The organization has 300 or fewer employees.
    - Professional sports leagues or organizations with the purpose of promoting or participating in a political campaign or other political activities are not eligible under this section.
  - Destination Marketing Organizations if:
    - The organization does not receive more than 15 percent of receipts from lobbying;
    - The lobbying activities do not comprise more than 15 percent of activities;
    - The organization has 300 or fewer employees; and
    - That destination marketing organization is registered as a 501(c) organization, a quasi-government entity, or a political subdivision of a state or local government.

Source: H.R. 133 DIVISION-BY-DIVISION SUMMARY OF COVID-19 RELIEF PROVISIONS

# Other Provisions

## **Section 341: Duplication Requirements for Economic Injury Disaster Loan Recipients.**

- Permits certain EIDL borrowers to also apply for a PPP loan.

## **Section 342: Prohibition of Eligibility for Publicly Traded Companies.**

- Excludes publicly traded companies from PPP eligibility.

## **Section 343: Covered Period for New PPP Loans.**

- Extends the covered period for all PPP loans through March 31, 2021.
- Applies to loans made before, on, or after the date of enactment, including the forgiveness of such loan.

## **Section 344: Covered Period for Other Purposes.**

- Clarifies the applicable period for employee's salaries of \$100,000 on an annualized basis as prorated during the period in which compensation is paid or incurred.

Source: H.R. 133 DIVISION-BY-DIVISION SUMMARY OF COVID-19 RELIEF PROVISIONS

# Other rulings per the IFR Business Loan Program Temporary Changes; Paycheck Protection Program Second Draw Loans (issued 1/6/2021 by SBA)- AFFILIATION RULES

- Eligibility for Second Draw PPP Loans is governed by the same affiliations' rules (and waivers) as First Draw PPP Loans.
- The affiliation rules under 13 CFR 121.301(f) **are waived** with respect to eligibility for a Second Draw PPP Loan for:
  - Any business concern with not more than 300 employees that, as of the date on which the covered loan is disbursed, is assigned a NAICS code beginning with 72.
  - Any business concern (including any station which broadcasts pursuant to a license granted by the Federal Communications Commission under title III of the Communications Act of 1934 (47 U.S.C. 301 et seq.) without regard for whether such a station is a concern as defined in 13 C.F.R. § 121.105, or any successor thereto) that employs not more than 300 employees, per physical location of such business concern and is majority owned or controlled by a business concern that is assigned a NAICS code beginning with 511110 or 5151
  - Any nonprofit organization that is assigned a NAICS code beginning with 5151



# Other rulings per the IFR Business Loan Program Temporary Changes; Paycheck Protection Program Second Draw Loans (issued 1/6/2021 by SBA)-UNRESOLVED ISSUES

## **(i) Will an applicant's Second Draw PPP Loan application be affected if there are unresolved issues regarding the applicant's First Draw PPP Loan?**

(1) If a First Draw PPP Loan is under review pursuant to PPP rules and/or information in SBA's possession indicates that the borrower may have been ineligible for the First Draw PPP Loan it received or for the loan amount received by the borrower, the lender will receive notification from SBA when the lender submits an application for guaranty of a Second Draw PPP Loan ("unresolved borrower").

(2) If the lender receives notification that the Applicant for a Second Draw PPP Loan is an unresolved borrower, the lender will not receive an SBA loan number. SBA will resolve the issue related to the unresolved borrower expeditiously and will notify the lender of the process to obtain an SBA loan number for the Second Draw PPP Loan, if appropriate.

# Other rulings per the IFR Business Loan Program Temporary Changes; Paycheck Protection Program Second Draw Loans (issued 1/6/2021 by SBA)-SPECIAL LF

## **(j) Are Second Draw PPP Loans eligible for loan forgiveness?**

Second Draw PPP Loans are eligible for loan forgiveness on the same terms and conditions as First Draw PPP Loans, except that Second Draw PPP Loan borrowers with a principal amount of \$150,000 or less are required to provide documentation of revenue reduction if such documentation was not provided at the time of the loan application as specified in subsections (g)(2)(iv) and (v) of this section.

# Other rulings per the IFR Business Loan Program Temporary Changes; Paycheck Protection Program Second Draw Loans (issued 1/6/2021 by SBA)-FARMERS

The Economic Aid Act included a new payroll cost calculation for farmers and ranchers receiving First Draw PPP Loans. However, it did not specify how payroll costs should be calculated for Second Draw PPP Loans to farmers and ranchers. This IFR clarifies that the same general calculation for farmers and ranchers applicable to First Draw PPP Loans applies to Second Draw PPP Loans, with adjustments that (i) eliminate the provision for refinancing of an Economic Injury Disaster Loan (EIDL), which does not apply to Second Draw PPP Loans, and (ii) apply the choice of time period for calculating a farmer's or rancher's payroll costs for Second Draw PPP Loans, consistent with other Second Draw PPP Loans. This IFR also specifies that, in calculating a farmer's or rancher's maximum loan amount, any employee payroll costs should be subtracted from the farmer's or rancher's gross income to avoid double-counting amounts that represent pay to the employees of the farmer or rancher.

## Other rulings per the IFR Business Loan Program Temporary Changes; Paycheck Protection Program Second Draw Loans (issued 1/6/2021 by SBA)-CORPORATE GROUPS

Finally, subsection (f)(9) provides that businesses that are part of a single corporate group shall in no event receive more than \$4,000,000 of Second Draw PPP Loans in the aggregate. The Administrator, in consultation with the Secretary, determined that limiting the amount of Second Draw PPP Loans that a single corporate group may receive will promote the availability of PPP loans to the largest possible number of borrowers, consistent with the CARES and Economic Aid Act. The Administrator has concluded that a limitation of \$4,000,000 is appropriate because it is proportional to the \$20,000,000 maximum amount for corporate groups that is provided under the Consolidated First Draw PPP IFR when the maximum loan amount for a single PPP loan is \$10,000,000.

# Q & A



## Source: The National Law Review (1/1/2021)

- Applicable Covered Period
  - **Covered period** – **8-weeks** and **24-weeks** after loan origination (borrower's choice).
  - **Full Loan Forgiveness** – Borrower **must use the full amount of the PPP** loan on eligible expenses during its chosen covered period to be eligible.
- Simplified Forgiveness Process for PPP Loans up to \$150,000

Will be eligible for loan forgiveness if the borrower signs and submits a one-page certification to the lender describing the following:

  - (a) The number of employees the borrower was able to retain because of the PPP loan;
  - (b) The estimated amount spent on eligible payroll costs;
  - (c) Total PPP loan value; and
  - (d) Attesting that it accurately provided the required certification and complied with applicable PPP requirements.

\*The form of the above-described certification is expected to be available by January 20, 2021.
- Economic Injury Disaster Loans (EIDL) Advances

Borrowers that received both a PPP loan and an EIDL advance will **no longer be required to subtract the EIDL advance from their PPP forgiveness calculation**

Source: The National Law Review (1/1/2021), cont.

If a borrower has already received a forgiveness determination from the SBA, may the borrower refile its loan forgiveness application to take advantage of the expanded provisions governing forgivable uses of PPP loan proceeds?

- No. The Act provides that its provisions expanding expenses eligible for loan forgiveness **will NOT apply to a borrower that “received forgiveness before the date of enactment”** of the Act.
- Please note that although the Act is not explicit on this point, it appears, based on the foregoing language of the Act, that if a borrower only received a portion of its requested loan forgiveness prior to enactment of the Act, such borrower would not be able to claim the additional covered expenses described above as forgivable expenses.
- In addition, the Act does not specifically address whether a borrower that has filed its loan forgiveness application and is awaiting a forgiveness determination by the SBA may re-file its application to take advantage of the expanded provisions concerning expenses eligible for loan forgiveness

Source: The National Law Review (1/1/2021), cont.

## Does the Act expand PPP Second Round loan eligibility to certain entity types?

- Yes. New entities that are eligible to participate in the PPP Second Round include:
  - Certain Section 501(c)(6) nonprofits, including trade organizations, chambers of commerce, nonprofits and government instrumentalities that engage in destination or tourism marketing (defined as “destination marketing organizations”) with
    - (a) 300 or fewer employees,
    - (b) that do not receive more than 15% of their revenue from lobbying (capped at \$1 million during the most recent tax year prior to February 15, 2020) and,
    - (c) if engaged in lobbying activities, that do not engage in lobbying activities which comprise 15% or more of total business activities.
- In addition, certain local newspapers, television, and radio stations, which were largely ineligible to participate in the first round of the PPP by their affiliation with other stations, are also eligible to participate.



Source: The National Law Review (1/1/2021), cont.

### **Is a borrower that returned all or part of its first round PPP loan eligible to reapply for a PPP Second Round loan?**

- Yes. The Act provides that a borrower that returned all or part of its first round PPP loan may reapply for the maximum amount applicable under the Act.

### **Is a borrower that is in bankruptcy eligible for a PPP Second Round loan?**

- Yes, under certain circumstances. Pursuant to the Act, a procedure is established for certain bankruptcies, including Chapter 11 bankruptcies, whereby a debtor in possession, or a trustee of a debtor, may request the Bankruptcy Court's permission to obtain a PPP Second Round loan.
- The PPP Second Round loan will be “treated as a debt to the extent the loan is not forgiven” and will have super-priority equal to “administrative expenses.”

Appendix

Consolidated  
Appropriations Act, 2021

Appropriations



# REGULAR APPROPRIATIONS: DIVISION A

## DIVISION A: AGRICULTURE, RURAL DEVELOPMENT, FDA

\$114 billion	Supplemental Nutrition Assistance Program (SNAP)
\$25.118 billion	Child Nutrition Programs including: <ul style="list-style-type: none"><li>- \$42 million for Summer Electronic Benefits Transfer Program</li><li>- \$30 million for School meal equipment grants</li><li>- \$6 billion on discretionary Women, Infants and Children funding</li></ul>
\$23.4 billion	agriculture, rural development, the FDA, and related agencies (an increase of \$217 million from FY 2020)
\$7 billion	To increase expand broadband access for students, families and unemployed workers
\$300 million	Rural broadband
\$250 million	Telehealth

# REGULAR APPROPRIATIONS: DIVISION B

## DIVISION B: COMMERCE, JUSTICE, SCIENCE

\$33.8 billion	Overall, for the U.S. Department of Justice (an increase of \$1.18 billion from FY 2020)
\$3.385 billion	<p>law enforcement grants (an increase of \$107 million from FY 2020), including:</p> <ul style="list-style-type: none"> <li>- \$513.5 million for Violence Against Women Act programs,</li> <li>- \$484 million for Byrne JAG,</li> <li>- \$386 million for the Community Oriented Policing Services Program</li> <li>- \$244 million for the State Criminal Alien Assistance Program,</li> <li>- \$189 million for sexual assault kit and DNA evidence backlogs,</li> <li>- \$100 million for Second Chance Act prisoner reentry programs,</li> <li>- \$526.5 million for opioid crisis grant programs,</li> <li>- \$132 million for the STOP School Violence Act, and</li> <li>- \$85 million for National Instant Criminal Background Check improvement grants</li> </ul>
\$409.4 million	First Step Act programs
\$5 million	Creation of a database to track police misconduct
\$23.3 billion	NASA

# REGULAR APPROPRIATIONS: DIVISION C AND D

## DIVISION C: DEFENSE

\$695.9 billion	Department of Defense (a decrease of \$9.7 billion from FY 2020).
\$68.7 billion	Overseas Contingency Operations fund
3%	Rise in military pay.
\$2.3 billion	For a second Virginia-class attack submarine, a key priority for certain legislators who have pressed for the construction of two attack subs per year.
\$2 billion	Space Force

## DIVISION D: ENERGY AND WATER DEVELOPMENT

\$39.62 billion	U.S. Department of Energy (an increase of \$1 billion from FY 2020)
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# REGULAR APPROPRIATIONS: DIVISION E AND F

## DIVISION E: FINANCIAL SERVICES AND GENERAL GOVERNMENT

\$13.49 billion	<p>U.S. Department of the Treasury (an increase of \$429.9 million from FY 2020), including:</p> <ul style="list-style-type: none"><li>- \$11.92 billion to the Internal Revenue Service</li><li>- \$270 million for the Community Development Financial Institutions Fund</li><li>- \$175 million for the Office of Terrorism and Financial Intelligence</li><li>- \$170 million for the Treasury Inspector General for Tax Administration</li><li>- \$127 million for Financial Crimes Enforcement Network</li><li>- \$41 million for the Treasury Inspector General</li><li>- \$25 million for the digitization of savings bonds records</li><li>- \$20 million for Committee on Foreign Investment in the United States programs and enforcement</li></ul>
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## DIVISION F: HOMELAND SECURITY

\$51.88 billion	U.S. Department of Homeland Security (an increase of \$1.41 billion from FY 2020, if offsetting collections and major disaster funding are excluded)
\$21.67 billion	Federal Emergency Management Agency (a decrease of \$604.1 million from FY 2020)

# REGULAR APPROPRIATIONS: DIVISION G

## DIVISION G: INTERIOR, ENVIROMENT

\$13.7 billion	U.S. Department of the Interior (an increase of \$186 million from FY 2020) including: <ul style="list-style-type: none"><li>- \$3.12 billion for the National Park Service,</li><li>- \$1.67 billion for the Bureau of Reclamation (water resources and Western drought programs)</li></ul>
\$1.27 billion	Bureau of Land Management
\$222.6 million	Office of Surface Mining Reclamation and Enforcement
\$515 million	Payment in Lieu of Taxes program; funding for the Land and Water Conservation Fund.
\$9.2 billion	Environmental Protection Agency (an increase of \$180 million from FY 2020).

# REGULAR APPROPRIATIONS: DIVISION H

## DIVISION H: LABOR, HEALTH, AND EDUCATION

\$9.4 billion	<b>U.S. Department of Labor Employment and Training Administration</b> , including \$2.85 billion for Workforce Innovation and Opportunity Act training formula grants
\$592 million	<b>Occupational Safety and Health Administration</b> <ul style="list-style-type: none"> <li>- \$246 million for the Wage and Hour Division,</li> <li>- \$185 million for the Registered Apprenticeship Program,</li> <li>- \$96 million for the International Labor Affairs Bureau,</li> <li>- \$45 million for the Strengthening Community College Training Grants program.</li> </ul>
\$97 billion	Health and Human Services
\$24.7 billion	Administration for Children and Families
\$42.9 billion	National Institutes of Health
\$7.9 billion	Centers for Disease Control and Prevention
\$5.9 billion	Child Care and Development Block Grant
\$2.8 billion	Public Health and Social Services Emergency Fund
\$6 billion	Substance Abuse and Mental Health Services Administration



## REGULAR APPROPRIATIONS: DIVISION H, Cont.

### DIVISION H: LABOR, HEALTH AND EDUCATION

\$7.5 billion	Health Resources and Services Administration
\$2.4 billion	Ryan White HIV/AIDS program
\$745 million	Community Services Block Grant
\$551 million	Office of the HHS Secretary
\$62 million	Office of Minority Health
<b>\$73.5 billion</b>	<b>U.S. Department of Education</b> (an increase of \$785 million from FY 2020).
\$52.9 billion	Funding for formula grants under the Elementary and Secondary Education Act, including: <ul style="list-style-type: none"><li>- \$16.5 billion for Title I grants to low-income schools,</li><li>- \$14.1 billion for Individuals with Disabilities Education,</li><li>- \$2.1 billion for Title II teacher professional development state grants,</li><li>- \$1.2 billion for Title IV Student Support and Academic Enrichment Grants,</li><li>- \$10.7 billion for Head Start;</li><li>- \$5.9 billion for Child Care and Development Block Grant,</li><li>- \$1.3 billion for Career and Technical Education State Grants, and</li><li>- \$1.1 billion for Federal TRIO Programs.</li></ul> (All the formula grant programs' appropriations represented an increase from FY 2020.)

# REGULAR APPROPRIATIONS: DIVISION I AND J

## DIVISION I: LEGISLATIVE BRANCH

\$5.3 billion

Legislative Branch, including:

- \$757.3 million for the Library of Congress
- \$675.1 million for the Architect of the Capitol
- \$661.1 million for the Government Accountability Office
- \$515.5 million for the Capitol Police
- \$117 million for the Government Publishing Office
- \$57.3 million for the Congressional Budget Office
- \$5 million for the Office of the Attending Physician
- \$2 million for the House Modernization Initiatives Account.

(The bill does not include any pay increase for members of Congress)

## DIVISION J: MILITARY CONSTRUCTION AND VETERANS AFFAIRS

\$243 billion

U.S. Department of Veterans Affairs (including advance appropriations from the preceding year). Appropriations for military construction declined 28% from the prior fiscal year.

# REGULAR APPROPRIATIONS: DIVISION I AND J

## DIVISION K: STATE AND FOREIGN OPERATIONS

\$5.5 billion

Department of State, foreign operations, related programs, and the Overseas Contingency Operations (OCO) funds.

- The act also included funding for the U.S. contribution to the replenishment of the Global Fund to Fight Aids, Tuberculosis and Malaria, a goal of global health advocates.
- The foreign aid appropriations are an increase of about 1%.

## DIVISION L: TRANSPORTATION, HOUSING AND URBAN DEVELOPMENT

\$86.7 billion

U.S. Department of Transportation (an increase of \$553 million from FY 2020)

\$60.3 billion

U.S. Department of Housing and Urban Development (\$49.6 billion from discretionary appropriations, \$10.7 billion from offsetting receipts).

# Appendix

## PPP Final Guidelines and Application Forms (update: 1/8/2021)

# SBA published guidelines for First Drawers (published 1/8/2021)

## **PAYCHECK PROTECTION PROGRAM FIRST DRAW LOANS**

SBA is reopening the Paycheck Protection Program (PPP) for First Draw Loans the week of January 11, 2021. First Draw PPP Loans can be used to help fund payroll costs, including benefits. Funds can also be used to pay for mortgage interest, rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations.

### **Full Forgiveness Terms**

First Draw PPP Loans made to eligible borrowers qualify for full loan forgiveness if during the 8- to 24-week covered period following loan disbursement:

- Employee and compensation levels are maintained;
- The loan proceeds are spent on payroll costs and other eligible expenses; and
- At least 60 percent of the proceeds are spent on payroll costs.

### **Who Can Apply**

Eligible small entities, that together with their affiliates (if applicable), have 500 or fewer employees—including nonprofits, veterans organizations, tribal concerns, self-employed individuals, sole proprietorships, and independent contractors—can apply. Entities with more than 500 employees in certain industries that meet SBA’s alternative size standard or SBA’s size standards for those particular industries can also apply.<sup>1</sup>

# SBA published guidelines for First Drawers (published 1/8/2021, cont.)

## **Reapplying and Loan Increases**

Existing PPP borrowers that did not receive loan forgiveness by December 27, 2020 may: (1) reapply for a First Draw PPP Loan if they previously returned some or all of their First Draw PPP Loan funds, or (2) under certain circumstances, request to modify their First Draw PPP Loan amount if they previously did not accept the full amount for which they are eligible.

## **How and When to Apply**

Borrowers can apply for a First Draw PPP Loan until March 31, 2021, through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, eligible non-bank lender, or Farm Credit System institution that is participating in PPP. All new First Draw PPP Loans will have the same terms regardless of lender or borrower. A list of participating lenders as well as additional information and full terms can be found [HERE](#).

## **Ensuring Access for All**

SBA continues to call upon its lending partners, including Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs), to redouble their efforts to assist eligible borrowers in underserved and disadvantaged communities. At least \$15 billion is being set aside for First Draw PPP loans to eligible borrowers with a maximum of 10 employees or for loans of \$250,000 or less to eligible borrowers in low- or moderate-income neighborhoods. To promote access for smaller lenders and their customers, SBA will initially only accept loan applications from community financial institutions starting on January 11, 2021. The PPP will open to all participating lenders shortly thereafter.

# SBA: PPP First Borrowers Applications (issued 1/8/2021)



## Paycheck Protection Program Borrower Application Form Revised January 8, 2021

OMB Control No.: 3245-0407  
Expiration Date: 7/31/2021

<b>Check One:</b> <input type="checkbox"/> Sole Proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> C-Corp <input type="checkbox"/> S-Corp <input type="checkbox"/> LLC <input type="checkbox"/> Independent Contractor <input type="checkbox"/> Self-Employed Individual <input type="checkbox"/> 501(c)(3) nonprofit <input type="checkbox"/> 501(c)(6) organization <input type="checkbox"/> 501(c)(19) veterans organization <input type="checkbox"/> Housing cooperative <input type="checkbox"/> Tribal Business <input type="checkbox"/> Other	DBA or Tradename (if applicable)	Year of Establishment (if applicable)
Business Legal Name	NAICS Code	<b>Applicant (including affiliates, if applicable) Meets Size Standard (check one):</b> <input type="checkbox"/> No more than 500 employees (or 300 employees, if applicable) <input type="checkbox"/> SBA industry size standards <input type="checkbox"/> SBA alternative size standard
Business Address (Street, City, State, Zip Code - No P.O. Box addresses allowed)	Business TIN (EIN, SSN)	Business Phone
	Primary Contact	Email Address

Average Monthly Payroll:	\$	$\times 2.5 + \text{EIDL (Do Not Include Any EIDL Advance)}$ equals Loan Request Amount:	\$	Number of Employees:	
Purpose of the loan (select all that apply):	<input type="checkbox"/> Payroll Costs	<input type="checkbox"/> Rent / Mortgage Interest	<input type="checkbox"/> Utilities		<input type="checkbox"/> Covered Operations Expenditures
	<input type="checkbox"/> Covered Property Damage	<input type="checkbox"/> Covered Supplier Costs	<input type="checkbox"/> Covered Worker Protection Expenditures		<input type="checkbox"/> Other (explain):

### Applicant Ownership

List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN, SSN)	Address

# SBA: PPP First Borrowers Applications (issued 1/8/2021), cont.

*If questions (1), (2), (5), or (6) are answered "Yes," the loan will not be approved.*

Question	Yes	No
1. Is the Applicant or any owner of the Applicant presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?	<input type="checkbox"/>	<input type="checkbox"/>
2. Has the Applicant, any owner of the Applicant, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is (a) currently delinquent, or (b) has defaulted in the last 7 years and caused a loss to the government?	<input type="checkbox"/>	<input type="checkbox"/>
3. Is the Applicant or any owner of the Applicant an owner of any other business, or have common management (including a management agreement) with any other business? If yes, list all such businesses (including their TINs if available) and describe the relationship on a separate sheet identified as addendum A.	<input type="checkbox"/>	<input type="checkbox"/>
4. Did the Applicant receive an SBA Economic Injury Disaster Loan between January 31, 2020 and April 3, 2020? If yes, provide details on a separate sheet identified as addendum B.	<input type="checkbox"/>	<input type="checkbox"/>
5. Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant presently incarcerated or, for any felony, presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction? Initial here to confirm your response to question 5 → <input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Within the last 5 years, for any felony involving fraud, bribery, embezzlement, or a false statement in a loan application or an application for federal financial assistance, or within the last year, for any other felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; or 4) commenced any form of parole or probation (including probation before judgment)? Initial here to confirm your response to question 6 → <input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Is the United States the principal place of residence for all employees included in the Applicant's payroll calculation above?	<input type="checkbox"/>	<input type="checkbox"/>
8. Is the Applicant a franchise?	<input type="checkbox"/>	<input type="checkbox"/>
9. Is the franchise listed in the SBA's Franchise Directory? If yes, enter the SBA Franchise Identifier Code here: <input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>



# SBA: PPP First Borrowers Applications (issued 1/8/2021), cont.



## Paycheck Protection Program Borrower Application Form Revised January 8, 2021

### By Signing Below, You Make the Following Representations, Authorizations, and Certifications

I certify that:

- I have read the statements included in this form, including the Statements Required by Law and Executive Orders, and I understand them.
- The Applicant is eligible to receive a loan under the rules in effect at the time this application is submitted that have been issued by the Small Business Administration (SBA) and the Department of the Treasury (Treasury) implementing the Paycheck Protection Program under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the Paycheck Protection Program Rules).
- The Applicant, together with its affiliates (if applicable), (1) is an independent contractor, self-employed individual, or sole proprietor with no employees; (2) if not a housing cooperative, eligible 501(c)(6) organization, or eligible destination marketing organization, employs no more than the greater of 500 employees or, if applicable, the size standard in number of employees established by SBA in 13 C.F.R. 121.201 for the Applicant's industry; (3) if a housing cooperative, eligible 501(c)(6) organization, or eligible destination marketing organization, employs no more than 300 employees; (4) if NAICS 72, employs no more than 500 employees per physical location; (5) if a news organization that is majority owned or controlled by a NAICS code 511110 or 5151 business or a nonprofit public broadcasting entity with a trade or business under NAICS code 511110 or 5151, employs no more than 500 employees (or, if applicable, the size standard in number of employees established by SBA in 13 C.F.R. 121.201 for the Applicant's industry) per location; or (6) is a small business under the applicable revenue-based size standard established by SBA in 13 C.F.R. 121.201 for the Applicant's industry or under the SBA alternative size standard.
- I will comply, whenever applicable, with the civil rights and other limitations in this form.
- All loan proceeds will be used only for business-related purposes as specified in the loan application and consistent with the Paycheck Protection Program Rules including the prohibition on using loan proceeds for lobbying activities and expenditures. If Applicant is a news organization that became eligible for a loan under Section 317 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, proceeds of the loan will be used to support expenses at the component of the business concern that produces or distributes locally focused or emergency information.
- I understand that SBA encourages the purchase, to the extent feasible, of American-made equipment and products.
- The Applicant is not engaged in any activity that is illegal under federal, state or local law.
- Any EIDL loan received by the Applicant (Section 7(b)(2) of the Small Business Act) between January 31, 2020 and April 3, 2020 was for a purpose other than paying payroll costs and other allowable uses for loans under the Paycheck Protection Program Rules.

For Applicants who are individuals: I authorize the SBA to request criminal record information about me from criminal justice agencies for the purpose of determining my eligibility for programs authorized by the Small Business Act, as amended.

# SBA: PPP First Borrowers Applications (issued 1/8/2021), cont.

The authorized representative of the Applicant must certify in good faith to all of the below by **initialing** next to each one:

The Applicant was in operation on February 15, 2020, has not permanently closed, and was either an eligible self-employed individual, independent contractor, or sole proprietorship with no employees, or had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on Form(s) 1099-MISC.

Current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.

The funds will be used to retain workers and maintain payroll; or make payments for mortgage interest, rent, utilities, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures as specified under the Paycheck Protection Program Rules; I understand that if the funds are knowingly used for unauthorized purposes, the federal government may hold me legally liable, such as for charges of fraud.

I understand that loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, covered utilities, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures, and not more than 40% of the forgiven amount may be for non-payroll costs. If required, the Applicant will provide to the Lender and/or SBA documentation verifying the number of full-time equivalent employees on the Applicant's payroll as well as the dollar amounts of eligible expenses for the covered period following this loan.

The Applicant has not and will not receive another loan under the Paycheck Protection Program, section 7(a)(36) of the Small Business Act (15 U.S.C. 636(a)(36)) (this does not include Paycheck Protection Program second draw loans, section 7(a)(37) of the Small Business Act (15 U.S.C. 636(a)(37)).

The Applicant has not and will not receive a Shuttered Venue Operator grant from SBA.

The President, the Vice President, the head of an Executive department, or a Member of Congress, or the spouse of such person as determined under applicable common law, does not directly or indirectly hold a controlling interest in the Applicant, with such terms having the meanings provided in Section 322 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act.

The Applicant is not an issuer, the securities of which are listed on an exchange registered as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f).

I further certify that the information provided in this application and the information provided in all supporting documents and forms is true and accurate in all material respects. I understand that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 U.S.C. 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 U.S.C. 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a federally insured institution, under 18 U.S.C. 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.

I acknowledge that the Lender will confirm the eligible loan amount using required documents submitted. I understand, acknowledge, and agree that the Lender can share any tax information that I have provided with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

Signature of Authorized Representative of Applicant  
  
Print Name

Date  
  
Title

# SBA published guidelines for Second Drawers (published 1/8/2021)

## **PAYCHECK PROTECTION PROGRAM SECOND DRAW LOANS**

The Paycheck Protection Program (PPP) now allows certain eligible borrowers that previously received a PPP loan to apply for a Second Draw PPP Loan with the same general loan terms as their First Draw PPP Loan. Second Draw PPP Loans can be used to help fund payroll costs, including benefits. Funds can also be used to pay for mortgage interest, rent, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism during 2020, and certain supplier costs and expenses for operations.

### **Full Forgiveness Terms**

Second Draw PPP Loans made to eligible borrowers qualify for full loan forgiveness if during the 8- to 24-week covered period following loan disbursement:

- Employee and compensation levels are maintained in the same manner as required for the First Draw PPP loan;
- The loan proceeds are spent on payroll costs and other eligible expenses; and
- At least 60 percent of the proceeds are spent on payroll costs.

### **Targeted Eligibility**

A borrower is generally eligible for a Second Draw PPP Loan if the borrower:

- Previously received a First Draw PPP Loan and will or has used the full amount only for authorized uses;
- Has no more than 300 employees; and
- Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.

# SBA published guidelines for Second Drawers (published 1/8/2021, cont.)

## **Maximum Loan Amount and Increased Assistance for Accommodation and Food Services Businesses**

For most borrowers, the maximum loan amount of a Second Draw PPP Loan is 2.5x average monthly 2019 or 2020 payroll costs up to \$2 million. For borrowers in the Accommodation and Food Services sector (click [HERE](#) for NAICS 72 to confirm), the maximum loan amount for a Second Draw PPP Loan is 3.5x average monthly 2019 or 2020 payroll costs up to \$2 million.

### **How and When to Apply**

Borrowers can apply for a Second Draw PPP Loan until March 31, 2021, through any existing SBA 7(a) lender or through any federally insured depository institution, federally insured credit union, eligible non-bank lender, or Farm Credit System institution that is participating in PPP. All Second Draw PPP Loans will have the same terms regardless of lender or borrower. A list of participating lenders as well as additional information and full terms can be found [HERE](#).

# SBA published guidelines for Second Drawers (published 1/8/2021, cont.)

## **Ensuring Access for All**

SBA continues to call upon its lending partners, including Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs), to redouble their efforts to assist eligible borrowers in underserved and disadvantaged communities. At least \$25 billion is being set aside for Second Draw PPP Loans to eligible borrowers with a maximum of 10 employees or for loans of \$250,000 or less to eligible borrowers in low- or moderate-income neighborhoods. To promote access for smaller lenders and their customers, SBA will initially only accept Second Draw PPP Loan applications from community financial institutions starting on January 13, 2021. The PPP will open to all participating lenders for Second Draw PPP Loans shortly thereafter.

# SBA: PPP Second Borrowers Applications (issued 1/8/2021)



## Paycheck Protection Program Second Draw Borrower Application Form

OMB Control No.: 3245-0417  
Expiration Date: 7/31/2021

<b>Check One:</b> <input type="checkbox"/> Sole Proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> C-Corp <input type="checkbox"/> S-Corp <input type="checkbox"/> LLC <input type="checkbox"/> Independent Contractor <input type="checkbox"/> Self-Employed Individual <input type="checkbox"/> 501(c)(3) nonprofit <input type="checkbox"/> 501(c)(6) organization <input type="checkbox"/> 501(c)(19) veterans organization <input type="checkbox"/> Housing cooperative <input type="checkbox"/> Tribal Business <input type="checkbox"/> Other		<b>DBA or Tradename (if applicable)</b>		<b>Year of Establishment (if applicable)</b>	
<b>Business Legal Name</b>			<b>NAICS Code</b>		
<b>Business Address (Street, City, State, Zip Code - No P.O. Box addresses allowed)</b>			<b>Business TIN (EIN, SSN)</b>		<b>Business Phone</b>
			<b>Primary Contact</b>		<b>Email Address</b>
<b>Average Monthly Payroll:</b>		\$	x 2.5 (or x 3.5 for NAICS 72 applicants) equals Loan Request Amount (may not exceed \$2,000,000):	\$	<b>Number of Employees (including affiliates, if applicable; may not exceed 300):</b>
<b>Purpose of the loan (select all that apply):</b>		<input type="checkbox"/> Payroll Costs	<input type="checkbox"/> Rent / Mortgage Interest	<input type="checkbox"/> Utilities	<input type="checkbox"/> Covered Operations Expenditures
		<input type="checkbox"/> Covered Property Damage	<input type="checkbox"/> Covered Supplier Costs	<input type="checkbox"/> Covered Worker Protection Expenditures	<input type="checkbox"/> Other (explain):
<b>PPP First Draw SBA Loan Number:</b>					
<b>Reduction in Gross Receipts of at Least 25% (Applicants for loans of \$150,000 or less may leave blank but must provide upon or before seeking loan forgiveness or upon SBA request):</b>		<b>2020 Quarter (e.g., 2Q 2020):</b>		<b>Reference Quarter (e.g., 2Q 2019):</b>	
		<b>Gross Receipts:</b>	\$	<b>Gross Receipts</b>	\$

# SBA: PPP Second Borrowers Applications (issued 1/8/2021), cont.

## Applicant Ownership

List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN, SSN)	Address

*If questions (1), (2), (4), or (5) are answered "Yes," the loan will not be approved.*

Question	Yes	No
1. Is the Applicant or any owner of the Applicant presently suspended, debarred, proposed for debarment, declared ineligible, voluntarily excluded from participation in this transaction by any Federal department or agency, or presently involved in any bankruptcy?	<input type="checkbox"/>	<input type="checkbox"/>
2. Has the Applicant, any owner of the Applicant, or any business owned or controlled by any of them, ever obtained a direct or guaranteed loan from SBA or any other Federal agency that is (a) currently delinquent, or (b) has defaulted in the last 7 years and caused a loss to the government?	<input type="checkbox"/>	<input type="checkbox"/>
3. Is the Applicant or any owner of the Applicant an owner of any other business, or have common management (including a management agreement) with any other business? If yes, list all such businesses (including their TINs if available) and describe the relationship on a separate sheet identified as addendum A.	<input type="checkbox"/>	<input type="checkbox"/>
4. Is the Applicant (if an individual) or any individual owning 20% or more of the equity of the Applicant presently incarcerated or, for any felony, presently subject to an indictment, criminal information, arraignment, or other means by which formal criminal charges are brought in any jurisdiction? Initial here to confirm your response to question 4 → <input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Within the last 5 years, for any felony involving fraud, bribery, embezzlement, or a false statement in a loan application or an application for federal financial assistance, or within the last year, for any other felony, has the Applicant (if an individual) or any owner of the Applicant 1) been convicted; 2) pleaded guilty; 3) pleaded nolo contendere; or 4) commenced any form of parole or probation (including probation before judgment)? Initial here to confirm your response to question 5 → <input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Is the United States the principal place of residence for all employees included in the Applicant's payroll calculation above?	<input type="checkbox"/>	<input type="checkbox"/>
7. Is the Applicant a franchise?	<input type="checkbox"/>	<input type="checkbox"/>
8. Is the franchise listed in SBA's Franchise Directory? If yes, enter SBA Franchise Identifier Code here: <input type="text"/>	<input type="checkbox"/>	<input type="checkbox"/>

# SBA: PPP Second Borrowers Applications (issued 1/8/2021), cont.



## Paycheck Protection Program Second Draw Borrower Application Form

### **By Signing Below, You Make the Following Representations, Authorizations, and Certifications**

I certify that:

- I have read the statements included in this form, including the Statements Required by Law and Executive Orders, and I understand them.
- The Applicant is eligible to receive a loan under the rules in effect at the time this application is submitted that have been issued by the Small Business Administration (SBA) and the Department of the Treasury (Treasury) implementing Second Draw Paycheck Protection Program Loans under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the Paycheck Protection Program Rules).
- The Applicant, together with its affiliates (if applicable), (1) is an independent contractor, self-employed individual, or sole proprietor with no employees; (2) employs no more than 300 employees; or (3) if NAICS 72, employs no more than 300 employees per physical location; (4) if a news organization that is majority owned or controlled by a NAICS code 511110 or 5151 business or a nonprofit public broadcasting entity with a trade or business under NAICS code 511110 or 5151, employs no more than 300 employees per location.
- I will comply, whenever applicable, with the civil rights and other limitations in this form.
- All loan proceeds will be used only for business-related purposes as specified in the loan application and consistent with the Paycheck Protection Program Rules including the prohibition on using loan proceeds for lobbying activities and expenditures. If Applicant is a news organization that became eligible for a loan under Section 317 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act, proceeds of the loan will be used to support expenses at the component of the business concern that produces or distributes locally focused or emergency information.
- I understand that SBA encourages the purchase, to the extent feasible, of American-made equipment and products.
- The Applicant is not engaged in any activity that is illegal under federal, state or local law.

For Applicants who are individuals: I authorize the SBA to request criminal record information about me from criminal justice agencies for the purpose of determining my eligibility for programs authorized by the Small Business Act, as amended.



# SBA: PPP Second Borrowers Applications (issued 1/8/2021), cont.

The Applicant was in operation on February 15, 2020, has not permanently closed, and was either an eligible self-employed individual, independent contractor, or sole proprietorship with no employees, or had employees for whom it paid salaries and payroll taxes or paid independent contractors, as reported on Form(s) 1099-MISC.

Current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.

The Applicant has realized a reduction in gross receipts in excess of 25% relative to the relevant comparison time period. For loans greater than \$150,000, Applicant has provided documentation to the lender substantiating the decline in gross receipts. For loans of \$150,000 or less, Applicant will provide documentation substantiating the decline in gross receipts upon or before seeking loan forgiveness for the Second Draw Paycheck Protection Program Loan or upon SBA request.

The Applicant received a First Draw Paycheck Protection Program Loan and, before the Second Draw Paycheck Protection Program Loan is disbursed, will have used the full loan amount (including any increase) of the First Draw Paycheck Protection Program Loan only for eligible expenses.

The funds will be used to retain workers and maintain payroll; or make payments for mortgage interest, rent, utilities, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures as specified under the Paycheck Protection Program Rules; I understand that if the funds are knowingly used for unauthorized purposes, the federal government may hold me legally liable, such as for charges of fraud.

I understand that loan forgiveness will be provided for the sum of documented payroll costs, covered mortgage interest payments, covered rent payments, covered utilities, covered operations expenditures, covered property damage costs, covered supplier costs, and covered worker protection expenditures, and not more than 40% of the forgiven amount may be for non-payroll costs. If required, the Applicant will provide to the Lender and/or SBA documentation verifying the number of full-time equivalent employees on the Applicant's payroll as well as the dollar amounts of eligible expenses for the covered period following this loan.

The Applicant has not and will not receive another Second Draw Paycheck Protection Program Loan.

The Applicant has not and will not receive a Shuttered Venue Operator grant from SBA.

The President, the Vice President, the head of an Executive department, or a Member of Congress, or the spouse of such person as determined under applicable common law, does not directly or indirectly hold a controlling interest in the Applicant, with such terms having the meanings

provided in Section 322 of the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act.

# SBA: PPP Second Borrowers Applications (issued 1/8/2021), cont.

The Applicant is not an issuer, the securities of which are listed on an exchange registered as a national securities exchange under section 6 of the Securities Exchange Act of 1934 (15 U.S.C. 78f).

The Applicant is not a business concern or entity (a) for which an entity created in or organized under the laws of the People's Republic of China or the Special Administrative Region of Hong Kong, or that has significant operations in the People's Republic of China or the Special Administrative Region of Hong Kong, owns or holds, directly or indirectly, not less than 20 percent of the economic interest of the business concern or entity, including as equity shares or a capital or profit interest in a limited liability company or partnership; or (b) that retains, as a member of the board of directors of the business concern, a person who is a resident of the People's Republic of China.

The Applicant is not required to submit a registration statement under section 2 of the Foreign Agents Registration Act of 1938 (22 U.S.C. 612).

The Applicant is not a business concern or entity primarily engaged in political or lobbying activities, including any entity that is organized for research or for engaging in advocacy in areas such as public policy or political strategy or otherwise describes itself as a think tank in any public documents.

I further certify that the information provided in this application and the information provided in all supporting documents and forms is true and accurate in all material respects. I understand that knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 U.S.C. 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 U.S.C. 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a federally insured institution, under 18 U.S.C. 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.

I acknowledge that the Lender will confirm the eligible loan amount using required documents submitted. I understand, acknowledge, and agree that the Lender can share any tax information that I have provided with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of compliance with SBA Loan Program Requirements and all SBA reviews.

Signature of Authorized Representative of Applicant

Print Name

Date

Title

# Appendix

## AICPA: Summary of Year- End Coronavirus Relief Act



# Summary of Year-End Coronavirus Relief Act

This document provides a brief summary of key tax provisions contained in the Consolidated Appropriations Act, 2021, [H.R. 133](#), that was signed into law on Dec. 27, 2020. This resource also serves as a supplement to engagement letters, organizers, checklists and practice guides contained in the AICPA Tax Section's [2020 Annual Tax Compliance Kit](#). Further research and analysis are recommended based on each client's facts and circumstances.

## Additional refundable tax credit

The Act provides a refundable tax credit in the amount of \$600 per eligible family member (Sec. 6428A). The credit is \$600 per taxpayer (\$1,200 for married taxpayers filing jointly), in addition to \$600 per qualifying child.

The credit phases out starting at \$75,000 of modified adjusted gross income (\$112,500 for heads of household and \$150,000 for married taxpayers filing jointly) at a rate of \$5 per \$100 of additional income.

## Deductibility of PPP-funded expenses

Effective as of the date of enactment of the CARES Act, the Act clarifies that gross income does not include any amount that would otherwise arise from the forgiveness of a Paycheck Protection Program (PPP) loan.

Deductions are allowed for otherwise deductible expenses paid with the proceeds of a PPP loan that is forgiven and the tax basis and other attributes of the borrower's assets will not be reduced as a result of the loan forgiveness. The forgiveness will be treated as tax-exempt income for the purposes of the stock basis increase for PPP recipients that are partnerships or S corporations.

## Tax extenders

### Made permanent:

- Sec. 213(f) reduction in medical expense deduction floor, which allows individuals to deduct unreimbursed medical expenses that exceed 7.5% of adjusted gross income (previously 10%)
- Sec. 179D deduction for energy-efficient commercial buildings (the amount will be inflation-adjusted after 2020)
- Sec. 139B gross income exclusion for certain benefits provided to volunteer firefighters and emergency medical responders
- Sec. 45G railroad track maintenance credit; however, the credit rate is reduced from 50% to 40%

### 5-year extensions (through 2025):

- Sec. 45D new markets tax credit
- Sec. 45S employer credit for paid family and medical leave (note this credit is different than the payroll tax credits for paid sick and family leave)
- Sec. 51 work opportunity credit
- Sec. 108(a)(1)(E) gross income exclusion for discharge of indebtedness on a principal residence; note that the amount of exclusion is lowered to \$750,000 (\$375,000 for married individuals filing separately) from \$2 million (\$1 million for married individuals filing separately)
- Sec. 127(c)(1)(B) exclusion for certain employer payments of student loans
- Sec. 168(e)(3)(C)(ii) seven-year recovery period for motorsports entertainment complexes
- Sec. 181 special expensing rules for certain film, television and live theatrical productions
- Sec. 954(c)(6) lookthrough treatment of payments of dividends, interest, rents and royalties received or accrued from related controlled foreign corporations under the foreign personal holding company rules
- Sec. 1391(d) empowerment zone designation
- Sec. 4611 Oil Spill Liability Trust Fund financing rate

## Tax extenders (*cont.*)

### 2-year extensions (through 2022):

- Sec. 25D residential energy-efficient property credit (the Act also makes qualified biomass fuel property expenditures eligible for the credit)
- Sec. 45Q carbon oxide sequestration credit (through 2025)
- Sec. 48 energy investment tax credit for solar and residential energy-efficient property

### 1-year extensions (through 2021):

- Sec. 25C 10% credit for qualified nonbusiness energy property
- Sec. 30B credit for qualified fuel cell motor vehicles
- Sec. 30C 30% credit for the cost of alternative (nonhydrogen) fuel vehicle refueling property
- Sec. 30D 10% credit for plug-in electric motorcycles and two-wheeled vehicles
- Sec. 35 health coverage tax credit
- Sec. 40(b)(6) credit for each gallon of qualified second-generation biofuel produced
- Sec. 45(e)(10)(A)(i) production credit for Indian coal facilities
- Sec. 45(d) credit for electricity produced from certain renewable resources
- Sec. 45A Indian employment credit
- Sec. 45L energy-efficient homes credit
- Sec. 45N mine rescue team training credit
- Sec. 163(h) treatment of qualified mortgage insurance premiums as qualified residence interest
- Sec. 168(e)(3)(A) three-year recovery period for racehorses two years old or younger
- Sec. 168(j)(9) accelerated depreciation for business property on Indian reservations
- Sec. 4121 Black Lung Disability Trust Fund increase in excise tax on coal
- Sec. 6426(c) excise tax credits for alternative fuels and Sec. 6427(e) outlay payments for alternative fuels
- The American Samoa economic development credit (P.L. 109-432, as amended by P.L. 111-312)

## CARES Act extensions and related provisions

**Educator expenses for protective equipment:** The Act requires the Treasury to issue regulations or other guidance providing that the cost of personal protective equipment and other supplies used for the prevention of the spread of COVID-19 is treated as an eligible expense for purposes of the Sec. 62(a)(2)(D)(ii) educator expense deduction (currently \$250). The regulations or guidance will apply retroactively to March 12, 2020.

**Waiver of information filing requirements:** The Act waives the information filing requirements for any amount excluded from income due to the exclusion of loan forgiveness, emergency financial aid grants or other business financial assistance provided under the CARES Act.

**Farmer NOL carrybacks:** The Act allows farmers who elected a two-year net operating loss (NOL) carryback prior to the CARES Act to elect to retain that two-year carryback rather than claim the five-year carryback provided in the CARES Act. This allows farmers who previously waived an election to carry back an NOL to revoke the waiver.

**Payroll tax credits:** The Act extends the refundable payroll tax credits for paid sick and family leave, enacted in the Families First Coronavirus Response Act, P.L. 116-127, through the end of March 2021. It also modifies the payroll tax credits so that they apply as if the corresponding employer mandates were extended through March 31, 2021. The Act also allows individuals to elect to use their average daily self-employment income from 2019 rather than 2020 to compute the credit.

**Employee retention tax credit modifications:** The Act extends the CARES Act employee retention tax credit (ERTC) through June 30, 2021. It also expands the ERTC and contains technical corrections. A noteworthy modification provides that employers who receive PPP funds may still qualify for the ERTC with respect to wages that are not paid with forgiven PPP proceeds.

**Deferral of employees' portion of payroll tax:** The Act extends the repayment period through Dec. 31, 2021 on employees' share of certain payroll taxes deferred from Sept. 1, 2020 through Dec. 31, 2020 through Dec. 31, 2021.

## Miscellaneous tax provisions

**Temporary allowance of full deduction for business meals:** The Act temporarily allows a 100% business expense deduction for meals (rather than the current 50%) if the expense is for food or beverages provided by a restaurant. This provision is effective for expenses incurred after Dec. 31, 2020 and expires at the end of 2022.

**Certain charitable contributions deductible by nonitemizers:** The Act extends and modifies the \$300 charitable deduction for nonitemizers for 2021 and increases the maximum amount that may be deducted to \$600 for married couples filing jointly. Note that for tax year 2020, \$300 is the maximum allowed per tax return, regardless of filing status. The Sec. 6662 penalty is increased from 20% to 50% of the underpayment for taxpayers who overstate this deduction.

**Education expenses:** The Act repeals the Sec. 222 deduction for qualified tuition and related expenses but in its place increases the phaseout limits on the lifetime learning credit (so the phaseout limits match the American opportunity credit), effective for tax years beginning after Dec. 31, 2020.

**Minimum low-income housing tax credit rate:** The Act establishes a 4% rate floor for calculating credits related to acquisitions and housing bond-financed developments for purposes of the Sec. 42 low-income housing tax credit, effective in 2021.

**Depreciation of certain residential rental property over 30-year period:** The Act provides that the recovery period applicable to residential rental property placed in service before Jan. 1, 2018 and held by an electing real property trade or business is 30 years.

**Waste energy recovery property eligible for energy credit:** The Act makes waste energy recovery property eligible for the Sec. 48 energy investment tax credit, effective for 2021 through 2023. Waste energy recovery property generates electricity from the heat from buildings or equipment.

**Extension of energy credit for offshore wind facilities:** The Act extends the Sec. 48 investment tax credit for electing offshore wind facilities that begin construction through 2025.

**Minimum rate of interest for certain determinations related to life insurance contracts:** The Act updates the Sec. 7702 fixed interest rate for life insurance contracts and ties the rate going forward to benchmark interest rates that are periodically updated.

**Minimum age for distributions during working retirement:** The Act modifies Sec. 401(a) to allow certain qualified pensions to make distributions to workers who are 59½ or older and who are still working. For certain construction and building trades workers, the age is lowered to 55.

**Temporary rule preventing partial plan termination:** The Act provides that qualified plans will not be treated as having a partial termination under Sec. 411(d)(3) during any plan year that includes the period March 13, 2020, through March 31, 2021, as long as the number of active participants covered by the plan on March 31, 2021, is at least 80% of the number covered on March 13, 2020.

**Temporary special rule for determination of earned income:** The Act allows taxpayers to refer to earned income from the immediately preceding tax year for purposes of determining the Sec. 32 earned income tax credit and the Sec. 24(d) additional child tax credit for tax year 2020.

**Modification of limitations on charitable contributions:** This Act extends for one year (through 2021) the increased limit of 100% (from 60%) of individual's adjusted gross income from the CARES Act on deductible charitable contributions for individual taxpayers who itemize. The Act also extends for one year (through 2021) the increased limit of 25% (from 10%) of corporation's taxable income from the CARES Act on qualified cash contributions.

**Temporary special rules for health and dependent care flexible spending arrangements:** The Act allows taxpayers to roll over unused amounts in their health and dependent care flexible spending arrangements from 2020 to 2021 and from 2021 to 2022. This provision also permits employers to allow employees to make a 2021 midyear prospective change in contribution amounts.

**Excise taxes:** The Act makes various excise tax changes for beer, wine and distilled spirits.



## Disaster tax relief

**Use of retirement funds for disaster mitigation:** The Act allows residents of qualified disaster areas (as defined in the Act) to take a qualified distribution of up to \$100,000 from a retirement plan or individual retirement account (IRA) without penalty. Amounts withdrawn are included in income over three years or may be recontributed to the plan. The Act also increases the allowable amount of a loan from a retirement plan to \$100,000 (from \$50,000) if the loan is made due to a qualified disaster and meets various other requirements.

**Employee retention credit for disaster zones:** The Act allows a tax credit of 40% of wages (up to \$6,000 per employee) to employers who conducted an active trade or business in a qualified disaster zone (as defined in the Act). The credit applies to wages paid without regard to whether the employee performed any services associated with those wages.

**Qualified disaster relief contributions:** The Act modifies the CARES Act's modification of the charitable contribution limits for 2020 to allow corporations to make qualified disaster relief contributions of up to 100% of their taxable income.

**Qualified disaster-related personal casualty losses:** The Act permits individuals who have a net disaster loss (as modified by the Act) to increase their standard deduction amount by the amount of the net disaster loss.

Appendix: \$908 billion  
economic relief (detailed)

Source: Wall Street Times

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<p><b>Direct Economic Relief for Workers and Families</b></p>	<p>\$286 billion</p> <p>(\$120 billion in Unemployment Insurance and \$166 in Economic Impact Payments)</p>	<p><b>Unemployment Insurance:</b> Democrats successfully fought to bring back the enhanced federal unemployment insurance bump, which expired in July. This bill provides an additional \$300 per week for all workers receiving unemployment benefits, through March 14, 2021. This bill also extends the Pandemic Unemployment Assistance (PUA) program, with expanded coverage to the self-employed, gig workers, and others in non-traditional employment, and the Pandemic Emergency Unemployment Compensation (PEUC) program, which provides additional weeks of federally-funded unemployment benefits to individuals who exhaust their regular state benefits. The extension was critical in preventing as many as 14 million Americans from losing this economic lifeline at the end of the year. Additionally, the bill increases the maximum number of weeks an individual may claim benefits through regular state unemployment plus the PEUC program, or through the PUA program, to 50 weeks. The bill also provides an extra benefit of \$100 per week for certain workers who have both wage and self-employment income but whose base UI benefit calculation doesn't take their self-employment into account.</p> <p><b>Direct Payments:</b> Democrats secured an additional round of Economic Impact Payments of \$600 for individuals making up to \$75,000 per year and \$1,200 for couples making up to \$150,000 per year, as well as a \$600 payment for each child dependent. <b>This means a family of four will receive \$2,400 in direct payments.</b> Democrats also successfully pushed for a provision, which is retroactive to the CARES Act, to expand these direct payments to mixed-status households, importantly providing immigrant families across the country with access to this financial relief.</p>
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<p><b>Small Business</b></p>	<p>\$325 billion</p>	<p>Democrats secured critical funding and policy changes to help small businesses, including minority-owned businesses, and nonprofits recover from the pandemic. This deal includes over \$284 billion for first and second forgivable PPP loans, dedicated set-asides for very small businesses and lending through community-based lenders like Community Development Financial Institutions and Minority Depository Institutions, and expanded PPP eligibility for 501(c)(6) nonprofits, including destination marketing organizations, and local newspapers, TV and radio broadcasters. \$20 billion is included for new EIDL Grants for businesses in low-income communities, \$3.5 billion for continued SBA debt relief payments, and \$2 billion for enhancements to SBA lending. This deal also includes \$15 billion in dedicated funding for live venues, independent movie theaters, and cultural institutions.</p>
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<p><b>Support for Community Development Financial Institutions and Minority Depository Institutions</b></p>	<p>\$12 billion</p>	<p>Democrats successfully pushed to include \$12 billion in funding for CDFIs and the creation of a new Neighborhood Capital Investment program to support CDFIs and MDIs and help low-income and minority communities withstand the economic impact of the COVID-19 pandemic and respond to this unprecedented economic downturn.</p>
<p><b>Transportation</b></p>	<p>\$45 billion</p>	<p>Democrats secured major funding to provide relief to transit agencies, airlines and airline contractors, airports, state DOTs, the motorcoach industry, and Amtrak. Specifically: \$15 billion for airline payroll support, \$1 billion for airline contractor payrolls, \$14 billion for transit, \$10 billion for state highways, \$2 billion for airports and airport concessionaires, \$2 billion for the private motorcoach, school bus, and ferry industries, and \$1 billion for Amtrak.</p> <p>In particular, keeping transit agencies running will allow those who must take transit—essential workers, seniors, low-income and communities of color—to get to work and access services. For example, African Americans comprise 12% of the US population but make up 24% of public transit riders; across modes, bus riders are 30% Black and 35% white while rail riders are 19% Black and 46% white.</p> <p>The \$14 billion Democrats delivered in transit aid for rail, bus, paratransit, and more, will keep transit agencies from implementing draconian cuts that would otherwise disproportionately impact communities of color.</p>
<p><b>Vaccines, Testing and Tracing, Community Health and Health Care Provider Support</b></p>	<p>\$69 billion</p>	<p>Democrats secured essential funding for vaccine procurement and distribution, providing roughly \$20 billion to BARDA for procurement of vaccines and therapeutics, nearly \$9 billion to the CDC and states for vaccine distribution and more than \$3 billion for the strategic national stockpile. This includes \$300 million specifically directed to high risk and underserved areas for distribution, including communities of color.</p> <p>The bill provides more than \$22 billion, all sent directly to states, for testing, tracing and COVID mitigation programs. Of this total, \$2.5 billion will be sent out as grants specifically targeted at needs in underserved areas, including both communities of color and rural communities.</p> <p>Democrats also secured \$4.5 billion in mental health funding, \$9 billion in support for health care providers, and more than \$1 billion for NIH to research COVID-19. \$1 billion in direct funds to the Indian Health Service to carry out these services.</p>

<p><b>Schools</b></p>	<p>\$82 billion</p>	<p>Democrats secured critical funding for states, K-12 schools, and institutions of higher education that have all been significantly impacted by the coronavirus pandemic. Similar to the CARES Act the emergency education relief funds are reserved as follows:</p> <ul style="list-style-type: none"> <li>• Relief for outlying areas and the Bureau of Indian Education: \$818.8 million</li> <li>• Governors Emergency Education Relief Fund: \$4.05 billion <ul style="list-style-type: none"> <li>○ Includes a set aside for services to private K-12 schools to be administered by public agencies.</li> </ul> </li> <li>• Elementary and Secondary School Emergency Relief Fund (Public K-12 schools): \$54.3 billion</li> <li>• Higher Education Emergency Relief Fund: \$22.7 billion <ul style="list-style-type: none"> <li>○ \$20 billion distributed to all public and private non-profit institutions of higher education.</li> <li>○ \$908 million to for-profit colleges to provide financial aid grants to students.</li> <li>○ Includes set-asides of an additional \$1.7 billion for HBCUs, tribal colleges, and Minority-Serving Institutions and \$113.5 million for institutions with the greatest unmet needs or those not served by the primary formula, such as independent graduate schools.</li> </ul> </li> </ul>
<p><b>Rental Assistance</b></p>	<p>\$25 billion</p>	<p>Democrats fought to establish the first-ever emergency federal rental assistance program to be distributed by state and local governments. These funds will be targeted to families impacted by COVID that are struggling to make the rent and may have past due rent compounding on itself. These families will be able to utilize this assistance for past due rent, future rent payments, as well as to pay utility and energy bills and prevent shutoffs. \$800 million is reserved for Native American housing entities. It also includes an extension of the existing CDC eviction moratorium through January 31, 2021.</p>

<b>Nutrition and Agriculture</b>	\$26 billion	<p>Democrats successfully fought for \$13 billion to increase SNAP benefits by 15%, provide additional funding for food banks and senior nutrition programs, and to ensure college students have access to SNAP. This bill also dedicates \$614 million for nutrition assistance for Puerto Rico and the territories, allocates emergency funds for school and day care feeding programs and includes critical improvements to the P-EBT program. The bill also included \$13 billion for direct payments, purchases and loans to farmers and ranchers who have suffered losses due to the pandemic. It also includes funds to support the food supply chain through food purchases, donations to food banks, and support for local food systems.</p>
<b>US Postal Service</b>	No score.	<p>Democrats successfully fought to convert the CARES Act \$10 billion loan into direct funding for USPS without requiring repayment. These funds will be used for operational costs and other expenses resulting from the COVID-19 pandemic.</p>
<b>Child Care</b>	\$10 billion	<p>Democrats successfully secured \$10 billion in emergency funds for the child care sector through the CCDBG program. These funds maintain the flexibility given to states through the CARES Act and can be used to provide child care assistance to families, and to help child care providers cover their increased operating costs during the pandemic. This emergency relief will help stabilize the child care market and allows states to expand child care assistance to essential workers and working families who are in great need of child care services.</p> <p>The bill also includes \$250 million for Head Start providers to ensure they are able to continue to safely serve low-income children and families throughout the pandemic.</p>
<b>Broadband</b>	\$7 billion	<p>Democrats successfully secured \$3.2 billion in emergency funds for low-income families to access broadband through an FCC fund. Additionally, democrats created a \$1 billion tribal broadband fund. Democrats secured \$250 million dollars in telehealth funding and \$65 million to complete the broadband maps in order for the government to effectively disperse funding to the areas that need it most. Last, Democrats are providing \$2 billion to small telecommunication providers to rip out Huawei/ZTE equipment to replace it with secure equipment and a new \$300 million grant program to fund broadband in rural areas.</p>

<p><b>Miscellaneous Provisions</b></p>	<p><b>Coronavirus Relief Fund Extension:</b> This bill extends the availability by one year (until Dec. 31, 2021) for funds provided to states and localities by the Coronavirus Relief Fund in the CARES Act.</p> <p><b>Extension of the Employee Retention Tax Credit:</b> The bill importantly extends and expands the refundable Employee Retention Tax Credit (ERTC), which was established in the CARES Act. The extension of this tax credit will help keep additional U.S. workers on payroll and more small businesses and nonprofits across the country afloat.</p> <p><b>Special “lookback” for EITC and CTC:</b> The bill includes a special temporary rule allowing lower-income individuals to use their earned income from tax year 2019 to determine the Earned Income Tax Credit and the refundable portion of the Child Tax Credit (i.e., the Additional Child Tax Credit) in the 2020 tax year. This will help workers who experienced lower wages this year, due to the pandemic, to get a larger refund that is consistent with their earnings from prior filing seasons.</p> <p><b>Contractor Pay Extension:</b> This bill provides federal agencies the authority to reimburse contractors for the costs of paid leave during the COVID pandemic, for contractors who are temporarily unable to work due to facility closures or other restrictions. This is particularly important for our national labs, like Brookhaven National Laboratory, and national security facilities.</p>
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# Appendix: SBA Fact Sheet (published 1/10/2021)

# SBA Paycheck Protection Rollout

## **Important Dates**

- Community Financial Institutions (CFIs) can begin submitting **new First Draw PPP** loan origination requests (*SBA Form 2483 rev. 1/8/21*) through the Platform on **Monday, January 11, 2021**.
- CFIs can begin submitting **Second Draw PPP** loan origination requests (*SBA Form 2483-SD*) through the Platform on **Wednesday, January 13, 2021**.
- Shortly thereafter, all other lending institutions will be notified that they are able to submit loan application information to SBA.

### **What is a CFI?**

Community Financial Institutions include the following organizations:

- Community Development Financial Institutions,
- Minority Depository Institutions,
- Certified Development Companies, and
- Microloan Intermediaries

### **How do I know if my institution is a CFI?**

If “Lender Location Enabled for Origination in Etran” is checked in Institution Settings, your institution is an enabled CFI (see example below).

### **My institution is not a CFI. What am I enabled to do in the Platform now?**

Organization admin users can begin to add users in the Platform and review new and updated materials on the Resource tab in the Platform.



## **New Feature Alert**



There will be a time lapse between when a Lender submits PPP application information to SBA and when SBA provides an SBA loan number back to the Lender due to additional front-end compliance checks.



# First Draw Loans & Forgiveness Updates

- Eligible applicants that **did not** receive a PPP loan prior to August 8, 2020, will now have the ability to apply for a PPP First Draw Loan on or before March 31, 2021.
- Eligibility for PPP loans has been revised to include additional types of entities.
- Covered eligible expenses **expanded** and now includes the following: payroll costs, rent, mortgage interest, utilities, **operations expenditures, property damage costs, supplier costs, and worker protection expenditures.**
- Certain borrowers may request an increase to their original PPP loan amount.



## News Alert



All PPP lenders must register with [www.sam.gov](http://www.sam.gov) no later than 30 days after disbursement of their first PPP loan Help Guide for [Registering on SAM.gov](#).

Information Current as of 1/10/21 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.



## WHO CAN APPLY FOR PPP FIRST DRAW LOAN

- Business entities (e.g., partnerships, corporations, LLCs)
- Sole proprietors, independent contractors, self-employed individuals
- 501(c)(3)
- **501(c)(6)**
- 501(c)(19) Veterans organization
- Tribal business, and
- **Housing cooperatives, destination marketing organizations, and eligible news organizations.**

Must comply with size standards, eligibility criteria, and certain limitations.

Information Current as of 1/10/21 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.



## FORGIVENESS UPDATES

- Borrower now has the option to **select** a covered period during which they can use PPP loan proceeds anytime between 8 and 24 weeks after disbursement.
- SBA **will no longer** deduct EIDL advances from forgiveness payment.
- If lender has already received a forgiveness payment net of an EIDL Advance, SBA will provide a reconciliation payment to lender to be applied to the outstanding loan balance.
- Under development: simplified forgiveness application for loans \$150K and under.

Information Current as of 1/10/21 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.



# PPP Second Draw Loans

Eligible borrowers that previously received a PPP First Draw Loan may apply for a PPP Second Draw Loan of up to \$2 million with the same general loan terms as their PPP First Draw Loan.

- For most borrowers, the maximum loan amount of a PPP Second Draw Loan is 2.5x average monthly 2019 or 2020 payroll costs up to \$2 million.
- For borrowers in the Accommodation and Food Services sector (NAICS 72), the maximum loan amount for a PPP Second Draw Loan is 3.5x average monthly 2019 or 2020 payroll costs up to \$2 million.
- PPP Second Draw Loan applicants must use the new SBA Form 2483-SD Borrower Application.

Information Current as of 1/10/21 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.



## WHO CAN APPLY FOR PPP SECOND DRAW LOAN

Targeted Eligibility, a borrower is generally eligible for a PPP Second Draw Loan if the borrower:

- Was eligible for and previously received a PPP First Draw Loan;
- Has or will use the full loan amount only for eligible expenses before the PPP Second Draw Loan is disbursed;
- Has no more than 300 employees; and
- Can demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.

Information Current as of 1/10/21 – Visit [www.sba.gov/ppp](http://www.sba.gov/ppp) for the most up-to-date information.



# Forms and Guidance

## Updated PPP First Draw Borrower and Lender Forms

[SBA Form 2483 – First Draw Borrower Application](#)

[SBA Form 2484 Lender Guaranty Application](#)

## New PPP Second Draw Borrower and Lender Forms

[SBA Form 2483-SD Second Draw Borrower Application](#)

[SBA Form 2484-SD – Second Draw Lender Guaranty Application](#)

## PPP Lender Agreements (e.g. for lenders who want to become PPP lenders)

[Form 3506 – Updated PPP Lender Agreement](#) (for federally insured depository institutions, federally insured credit unions, and Farm Credit System institutions)

[Form 3507 – Updated PPP Lender Agreement](#) (for non-bank and non-insured depository institutions)

## New PPP Guidance and Resources

[Accessing Capital for Minority Underserved, Veteran and Women-Owned Business Concerns Guidance](#)

[Interim Final Rule #1 – PPP as Amended by Economic Aid Act](#)

[Interim Final Rule #2 – PPP Second Draw Loans](#)

[Top-Line Overview of First Draw PPP Loans](#)

[Top-Line Overview of Second Draw PPP Loans](#)

[Procedural Notice: 5000-20074 PPP Forms](#) (Modifications to PPP SBA Forms 3506, 3507 and 750 CA)

[Procedural Notice - SBA Procedural Notice on Repeal of EIDL Advance Deduction Requirement](#)







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