



Paycheck Protection Program Flexibility Act of 2020 Passed in the House and the Senate

CCK clients and friends,

This bill modifies provisions related to the forgiveness of loans made to small businesses under the Paycheck Protection Program implemented in response to COVID-19. This summary has been prepared from a bill summary prepared by Congressional Research Service for [Congress.gov](https://www.congress.gov) with additional commentary by CCK Strategies.

Specifically,

1. The bill establishes a **minimum maturity of five years**, rather than two years, for a paycheck protection loan with a remaining balance after forgiveness, for all loans issued after the date of this Act.
2. The **bill extends the covered period** during which a loan recipient may use such funds for certain expenses while remaining eligible for forgiveness, from 8 weeks to a total of **24 weeks** (16 additional weeks).
3. The bill raises the non-payroll portion of a forgivable covered loan amount from the current 25% up to 40%. In other words, it requires at least **60% to be payroll costs**.
4. The bill extends the period in which an employer may rehire or eliminate a reduction in employment, salary, or wages that would otherwise reduce the forgivable amount of a paycheck protection loan, from June 30 to **December 31, 2020. This allows for the employer time to recover before applying for forgiveness. See item 5. below.**
5. The forgivable amount will be determined **without regard to a reduction in the number of employees** if the recipient is (1) unable to rehire former employees and is unable to hire similarly qualified employees, or (2) unable to return to the same level of business activity due to compliance with federal requirements or guidance related to COVID-19 for sanitization or social distancing. **Documentation of an employer's measures to comply with guidance and re-hiring actions will be critical to avoiding this forgiveness reduction provision.**
6. The bill revises the deferral period for paycheck protection loans, allowing **recipients to defer payments until the date on which the amount of forgiveness is remitted to the lender.** Recipients who do not apply for forgiveness shall have 10 months from the program's expiration to begin making payments (October 31, 2020).
7. The **bill eliminates a provision** that makes a paycheck protection loan recipient who has such indebtedness forgiven ineligible to defer payroll tax payments. This was previously limited to the time period prior to receiving the PPP loan. **It allows employers to defer the 6.2% employer portion of Social Security tax due in 2020, 50% deferred to December 31, 2021 and 50% deferred to December 31, 2022.**
8. The bill extends the deadline to apply for a PPP loan from June 30 to December 31, 2020. For new loans issued after the Act, the covered period noted in item 2. above will be the earlier of 24 weeks or December 31, 2020. The bill does not provide for a second loan for those already funded.

To read the entire Act, go to [Congress.gov](https://www.congress.gov).

We will continue to monitor changes to the application and implementation process as they develop. For more information, go to www.cckcpa.com, or call your CCK Strategies advisor at 918-491-4036.

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