

## SBA Announces New Full and “EZ” PPP Forgiveness Applications

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On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (“[CARES Act](#)”) established the Paycheck Protection Program (“PPP”) to provide federally-backed, forgivable loans administered by the U.S. Small Business Administration (“SBA”) to aid employers who maintain their payroll during the coronavirus pandemic. On June 5, 2020, the [Payroll Protection Program Flexibility Act of 2020](#) (“Flexibility Act”) was enacted to modify key PPP loan provisions to allow more borrowers to achieve complete loan forgiveness.

On June 17, 2020, SBA and the Department of the Treasury jointly issued two new PPP loan forgiveness applications – a revised full application and a new “EZ” application. Both forms incorporate Flexibility Act’s modifications and the Interim Final Rules issued thereafter.

In addition, both applications employ a more simplified, user-friendly format as compared to the prior application. The [EZ Application](#), in particular is a brief 3-page form (with [corresponding instructions](#)) available for use by borrowers that:

1. Are self-employed and have no employees; **OR**
2. Did not reduce employees’ salaries/wage by more than 25% **AND** did not reduce the number of FTEs; **OR**
3. Did not reduce employees’ salaries/wages by more than 25% **AND** were unable to operate at the same level during the covered period due to compliance with COVID-19 related sanitation, social distancing, or other worker and/or customer safety requirements or guidance issued by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention (CDC), or the Occupational Safety and Health Administration (OSHA).

All others will use the 5-page [Revised Application](#) (and its [corresponding instructions](#)).

Despite some confusion following announcement of the Flexibility Act, both applications also make clear that the forgiveness period must be either:

- The earlier of the following for all loans after June 5, 2020:
  - 24 weeks following loan origination; or
  - December 31, 2020; or
- At the borrower’s election, 8 weeks following loan origination for a loan preceding June 5, 2020.

In other words, a borrower is not permitted to self-select a forgiveness period between 8 and 24 weeks in length. The new applications, however, confirm that a borrower may still elect the Alternate Payroll Covered Period, which allows borrowers to align their forgiveness period with their standard payroll cycle for administrative ease, regardless of whether the 8-week or 24-

week forgiveness period applies. More information about this option is included in the instructions for each application.

We hope that these clarifications and simplified applications will aid our clients in maximizing their loan forgiveness. We continue to strongly encourage those considering applying for loan forgiveness mentioned in this summary to consult with their employment and business legal counsel, financial advisors, and tax specialists.

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