



REGULATORY UPDATE:
Paycheck Protection Program
Forgiveness Guidance Issued;
More Changes Expected
May 20, 2020

On Friday evening, May 15, 2020, the Small Business Administration and Department of Treasury [released the overdue requirements and forgiveness guidelines for Paycheck Protection Program loans](#). The guidance is in the form of instructions, definitions, and a fillable PDF application that the borrower seeking forgiveness would submit to the lender.

SBA/Treasury did not make any changes to the controversial interpretations of certain provisions of the CARES Act including the requirement that 75% of the loan be spent on payroll for the loan to be forgiven, the repayment term, or tax consequences of forgiveness.

On May 20, 2020 Speaker Pelosi announced that the House of Representatives would vote next week on bipartisan legislation to address concerns that SBA/Treasury guidance did not follow Congressional intent. According to the [press release](#) issued by Representatives Dean Phillips (D-MN) and Chip Roy (R-TX), [H.R. 6886](#), the Paycheck Protection Flexibility Act is expected to “allow forgiveness for expenses beyond the 8-week covered period; eliminate restrictions limiting non-payroll expenses to 25% of loan proceeds; eliminate restrictions that limit loan terms to two years; ensure full access to payroll tax deferment for businesses that take PPP loans; and extend the rehiring deadline to offset the effect of enhanced Unemployment Insurance.”

Senator Marco Rubio (R-FL), chair of the Senate Small Business Committee, has stated there is support in the Senate for changes to the SBA/IRS guidance. Given the strong consensus for modifying the agency guidance, it is likely that H.R. 6886 will pass as a stand-alone bill prior to Senate consideration of the House-passed HEROES Act or other rescue package.

The TechServe Alliance Government Affairs Team will continue to follow and report developments. Please contact Julie Strandlie at strandlie@techservealliance.org to share your experiences and concerns with PPP loans and other issues.

For more information, please visit the [TechServe Alliance COVID-19 Resources page](#).