



Paycheck Protection Program (PPP) Resource Guide

December 2020 COVID-19 Relief Bill

On December 21, 2020, Congress passed the Emergency Coronavirus Relief Act, which includes \$284.45 billion of additional funding for the Paycheck Protection Program (PPP) and extends the PPP until March 31, 2021. **This legislation made several key changes to the existing program.**

In addition to payroll, rent, and utilities, **eligible expenses now include:**

- Personal protective equipment (PPE) and physical adaptations (such as plexiglass screens) necessary to comply with local public health guidelines;
- Payment for any software, cloud computing, and other human resources and accounting needs;
- Property damage due to public disturbances that occurred during 2020 that are not covered by insurance; and
- Payments or contracts that owners determined were vital to the survival of their business, even if payments were made or contracts were entered before the start date of the PPP loan.

Eligible borrowers now include certain seasonal employers, housing cooperatives, newspapers, TV and radio stations, 501(c)(6) business associations, as well as theaters, concert halls, museums, and other venues that have been forced to close due to the pandemic. Additionally, business owners that did not receive the full loan amount they requested during the first round of funding can **request to have their PPP loan amount increased.**

Loan Forgiveness and Tax Implications:

- Loans of less than \$150,000 will have a simplified (but not automatic) forgiveness application that must fit on one-page. Borrowers will be required to provide
 - The total amount of the loan;
 - The number of employees retained because of the PPP loan (if self-employed, the number is 1); and
 - The amount of loan proceeds spent on payroll.
- EIDL grants will no longer be subtracted from PPP for loan forgiveness.
- Forgiven PPP funds **will not** be taxable.
- Covered expenses (payroll, utilities, rent and interest) will be tax deductible.
- PPP participants can now also obtain [Employee Retention Credits](#).

Congress also created a “Second Draw” PPP for particularly hard hit businesses that received a PPP loan in 2020 and would like to now apply for a second PPP loan. This program differs from the original PPP in several ways.

	Original PPP	“Second Draw” PPP
Number of Employees	500 employees or fewer	300 employees or fewer
Affiliation Rules*	Waived	Waived
Maximum Loan Amount	\$10 Million	\$2 Million
Loan Calculation	Loans may be worth the sum of annual employee salaries, including wages, commissions, tips, and state and local payroll taxes, up to \$100,000 per employee.	Loans may be worth up to 2.5X the sum of average monthly payroll costs, and 3.5X for hospitality and food services with NAICS Code 72. Self-employed individuals without employees should calculate loans based on their average monthly receipts in either 2019 or 2020.
Proof of Economic Need	Employers must certify “that economic uncertainty makes [PPP] necessary to support ongoing operations.”	Employers must be able to show a 25% reduction in gross receipts quarter-over-quarter compared to 2019.

*Generally, affiliation exists when one business controls another or when a third party controls both businesses. Affiliation rules bar entities with more than 500 combined employees from conventional Small Business Administration loan programs. These rules are waived for the PPP.

How to Access this Aid:

- Contact your bank to apply. Note that not all banks are participating in the PPP.
- For more help, contact the Small Business Administration’s [Orange County District Office](#).
- Small Business Administration's FAQs can be found [here](#).

For additional information or further assistance, please contact our office at (202) 225 -5611 or (949) 668- 6600 or submit a question through our website [here](#).

Stay connected with Congresswoman Katie Porter:

