

## Paycheck Protection Plan (PPP) Loan Forgiveness Update May 19, 2020

The Small Business Administration (SBA) just recently released additional information on the forgiveness aspects of the Paycheck Protection Program and the application that will be utilized - [Paycheck Protection Program \(PPP\) loan forgiveness application](#). It includes a detailed worksheet and guidance to calculate eligible expenses for forgiveness.

The PPP loan forgiveness application clarifies many of the common questions from borrowers, while providing details on additional requirements for loan forgiveness. Highlights include:

- Borrowers have the option to pick and choose which non-payroll costs to submit for forgiveness.
- Worksheets are provided to calculate total loan forgiveness amount. Loan forgiveness amount will not be reduced if an employer is unable to rehire workers who have rejected a good-faith written offer to return, were fired for cause, or parted voluntarily.
- Details for calculating average full-time-equivalent employees (FTEs) are available in the application, including options for determining the appropriate covered period.
- There is a safe harbor for borrowers that would not decrease forgiveness for full time equivalent employees (FTE) and salaries/wages that were reduced between February 15, 2020 and April 26, 2020, but restored by June 30, 2020.
- The application includes documentation requirements that borrowers must submit with the forgiveness application.
- The SBA requires that borrowers retain records for six years following forgiveness or full loan repayment.

The SBA has indicated additional guidance on loan forgiveness will be forthcoming. Under current law, PPP loan repayment is deferred for six months.

Because policy discussions about PPP and the loan forgiveness criteria are ongoing, retroactive changes by Congress or the Administration are possible. Therefore, it may be advantageous to use the repayment deferral and apply for forgiveness at a later date. Veterinarians should review the [forgiveness application](#) and consult with appropriate advisors regarding loan forgiveness.

Visit the AVMA for an [Axon webinar](#) with a tax expert which will be available to further explain the forgiveness application.