

The Small Business Administration (SBA) released on June 16, 2020 a revised loan forgiveness application for the Paycheck Protection Program as well as a new EZ forgiveness application form. The updates incorporated the changes that were passed with the Paycheck Protection Program Flexibility Act of 2020 that was signed into law on June 5th.

SBA Form 3508EZ is the new EZ application and provides fewer calculations and excludes the PPP Schedule A or PPP Schedule A Worksheet. The EZ form requires less documentation to be submitted; however, the borrower must still maintain the necessary documentation to support usage of the EZ form. The EZ form can be used if borrowers meet **one** of the following criteria:

- 1) The borrower is a self-employed individual, independent contractor, or sole proprietor who had no employees at the time of the PPP loan application and did not include any employee salaries in the computation of average monthly payroll on the loan application.
- 2) The borrower did not reduce annual salary or hourly wages of any employee by more than 25% during the Covered Period or Alternative Payroll Covered Period compared to the period between January 1, 2020 and March 31, 2020 **AND** did not reduce the number of employees or average paid hours of employees between January 1, 2020 and the end of the Covered Period.
- 3) The borrower did not reduce annual salary or hourly wages of any employee by more than 25% during the Covered Period or Alternative Payroll Covered Period compared to the period between January 1, 2020 and March 31, 2020 **AND** was unable to operate during the Covered Period at the same level of business activity as before February 15, 2020 due to compliance with requirements established or guidance (as issued from Health and Human Services, CDC and OSHA) between March 1, 2020 and December 31, 2020 related to COVID-19.

If you are unable to meet one of the requirements above, you must apply for forgiveness of your PPP loan using SBA Form 3508.

The revised Form 3508 includes the following Paycheck Protection Program Flexibility Act changes:

- Payroll Cost Requirement calculation using 60% rather than 75% as the denominator.
- Defined the maximum amount of cash compensation eligible for forgiveness for each employee as well as owner-employees during the 8-week and 24-week Covered Periods.
- Added two FTE Reduction Safe Harbors checkboxes to Schedule A.
- Added two new representation and certifications to page 2 of the application related to the 8-week covered period if choosing to use and the FTE Reduction Safe Harbor 1 from PPP Schedule A.

Please contact us for further guidance with your PPP Loan Forgiveness needs!