

TO LEND IS HUMAN; TO FORGIVE, DIVINE SBA ISSUES APPLICATION FOR PPP LOAN FORGIVENESS

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The Small Business Administration (SBA) has released the application form for forgiveness of loans received under the Paycheck Protection Program (PPP). As discussed in an earlier Buzz ([Federal CARES Act, Tax and Loan Provisions for Business](#), 4/7/2020), the federal CARES Act established PPP as a program in which small businesses and non-profits could borrow money for certain costs and have those loans forgiven if the borrowed funds were used for specified expenses and certain conditions were met regarding payroll. PPP was set up under the Small Business Act (Title 15) and SBA was tasked with administering the program. The loans are made through traditional private sector lenders such as banks and credit unions. The program is still operational with additional funding available as of this writing.

SBA released, on May 15, 2020, the Paycheck Protection Program Loan Forgiveness Application, SBA Form 3508. While borrowers are instructed to apply for loan forgiveness through their lenders, the lenders will be using this form or something similar, possibly in a format to be completed online.

The form may be downloaded [here](#). While the full package comes to 11 pages, it should not contain many surprises to those familiar with PPP requirements. Essentially, the form is designed to ensure that the forgiveness amount is reduced if the borrower has not met all the requirements, such as if the borrower reduced its payroll shortly before or during the cov-

ered period without bringing it back to the previous level by June 30. Forgiveness will also be limited if the borrower did not use 75% of the loan specifically for payroll expenses. There are also seven certifications that must be made by the borrower's authorized representative when signing the form.

The timing of the form's release is interesting given that the government is considering making changes to the PPP to loosen some of the standards. For instance, the requirement that 75% of the loan be used for payroll, which is included in the forgiveness calculation on the form, is not a part of federal law but merely a rule meant to ensure that the money was used primarily to keep people employed. As such, it can be changed without Congressional action. Other changes being considered, such as increasing the payback period beyond the current two years, would need to be approved by lawmakers.

If your business has a PPP loan, you should review this form before the deadline to make appropriate expenditures. Many businesses have questions about what expenses will qualify for forgiveness. **If you would like assistance with the loan forgiveness application, or if you have other questions concerning the PPP loan or any other form of aid related to the COVID-19 pandemic, please contact Tom Zaino, Steve Hall, Derek Heyman or any other ZHF professional.**

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