



## Withum – A Holiday Miracle: Congress Expected to Pass Stimulus Package

December 23, 2020

Withum held a webinar on the new stimulus package on 23 December 2020.

### **Speakers:**

- Frank Boutillete, CPA, CGMA
- Matthew Walsh, CPA, MS
- Peter Hilera, CPA, Partner
- Louis Young, Advisory

### First PPP Forgiveness

- Loans under USD 2M are easily being forgiven;
- There will likely be random audits among companies that were granted loans over USD 2M;
- So far, we are unaware of any forgiveness given to companies with loan over USD 2M.

### The New PPP Package - PPP2

- The legislation has over 5600 pages, we haven't had the time to go through all of it at this point;
- The President has requested Congress to amend the law, we believe it's unlikely he will sign it before the end of the year.
- 284 billion dollars through March 31<sup>st</sup> 2021.

### Eligibility:

- No more than 300 employees;
- Reduction in gross receipts of not less than 25% compared to 2019. (may include Q4



of 2020 if application is made on or after January 1<sup>st</sup> 2021).

- Special rules for seasonal businesses or entities that were not in business in 2019;
- Organizations under section 501(c)(6);
- Affiliation rules from PPP1 apply, unless entity qualifies for waiver of affiliation;
- Alternative size standard provisions appear to remain a qualification for eligibility.  
(No specific information about foreign ownership at this point)

Not eligible:

- Financial business engaged in lending/banks;
- Passive businesses owned by developers/landlords;
- Business located in a foreign country.
- Entities with specifically-defined ties to China or Hong Kong.
- Any business concern primarily engaged in political/lobbying activity;

Loan amount:

- Maximum amount is the lesser of 2.5 times the average total monthly payroll costs during 1 year period before date of loan or calendar year 2019. No greater than 2 million dollars.
- Entities with NAICS codes starting with 72 hit especially hard by the pandemic are eligible to utilize 3.5 as the multiplier, subject to the \$2,000,000 maximum.

When:

SBA required to provide procedures 10 days after enactment and to issue forgiveness form 24 days after enactment.

Forgiveness:

Simplified forgiveness application, it is legislated to be not more than 1 page;

- No requirement to submit any documentation proving compliance with the requirements.