

Today President Trump signed into law the Paycheck Protection Program Flexibility Act. This act provides much needed relief for the 1,000's of businesses still shut down and needing more time to utilize their PPP loan. We are fortunate in Texas that the economic gears are starting to move again, but we have a long road before we are "back to normal" and this law will provide us help here in the Lone Star state.

Below, I have provided a comparison of the provisions under the CARES Act before this change and what the new PPP Flexibility Act provisions are. *Keep in mind there are still changes and clarifications coming and we will continue to provide you relevant information as it is issued.*

Provision	CARES Act	PPP Flex Act	Practical Consequence
Last day of the Program	June 30, 2020	December 31, 2020	The PPP loan program stays open longer for the \$130 Billion Remaining. This pushes back the date where: <ul style="list-style-type: none"> <li>You can avoid FTE calculation limitations on forgiveness</li> <li>Bring your employees up to their normal wages before the Act</li> </ul>
Covered Period (Spending Window)	8 weeks (56 days)	Earlier of 24 weeks or December 31, 2020	Any loan <b>taken after July 17, 2020 has until the end of the year to spend</b> , not 24 weeks. You can still use the 8 weeks if you had a loan when this passed. More time to spend funds, reach your 60% floor and maximize forgiveness.
Percentages of Payroll Costs for Forgiveness	75% - Payroll 25% - Rent, Utilities, Int	60% - payroll 40% - Rent, Utilities, Int	It is easier to get forgiveness for amounts spent on rents, utilities, and interest. Along with the extended Covered Period, the chance for forgiveness increases.
Payback Period	2 yrs	5 yrs (New loans only)	This could change to include all loans but right now just applies to new ones.
Exemption Based on Employee Availability	N/A	The FTE calculation for forgiveness is not applied.	This is the nuclear scenario where there is no way you can get back to the same level of business you had at 2/15/2020 by 12/31/2020. <u>It will take some extensive documentation and is last case resort.</u>
Conversion based on failure to apply for forgiveness	N/A	Payments must start 10 months after the Covered Period	If you don't apply for forgiveness (but why wouldn't we?), then payment must start on the entire balance no later than ten months after the end of the Covered Period.
Deferral of Payment of the Employer portion of Social Security Taxes (6.2%)	Not allowed if you had a PPP loan	PPP loan participants may participate in the Deferral	PPP participants may defer paying 2020 Employer Social Security taxes, BUT <b>50% of the total MUST be paid by 12.31.2020   The other 50% MUST be paid by 12.31.2021</b>

What does this mean? **If you don't have a PPP loan, get one.** Many banks have stopped program participation but there are some local banks still working with customers. Overall, this is good for people with PPP loans. Currently this does not change any other rules, such as maximum compensation. This law also does not tell what changes will be in the Loan Forgiveness application. We know banks are still developing policies in accordance with the law and the Application.

Our advice is simple. You have time. Work on growing your top line. Watch your expenses and manage your people like you normally do. If you have to cut people, it's okay! You have longer to recover from the effects of reduced head count and wages. Strive to build relationships and achieve break-even to keep the people you have and grow your workforce. Hopefully, we can all be at the same place we were before this all happened.

We have time to work with you, redo calculations and make sure you get maximum forgiveness. **If you want help, we are here.** Call us at 210.233.1258 or email back to this address to chat or schedule an appointment to see what we have to offer.

As always, thank you for your time. From all of us at Analytic Bookkeeping Solutions and J. Hunter Bass, CPA, we hope you have a blessed week. Please take care of your loved ones and continue to live in a way that shows respect to your family, co-workers, and those who are susceptible to the effects of getting Covid-19. The virus is still out there and we must remain vigilant.

We look forward to hearing from you soon.