

SBA and Treasury Release Paycheck Protection Program Loan Forgiveness Application

May 18, 2020

SBA Form 3508 PPP Forgiveness Application

<https://www.hallestill.com/uploads/3245-0407-SBA-Form-3508-PPP-Forgiveness-Application.pdf>

On May 15, 2020, the Small Business Administration (SBA), in consultation with the Department of the Treasury, released the Paycheck Protection Program (PPP) Loan Forgiveness Application and detailed instructions for the application.

The form and instructions inform borrowers how to apply for forgiveness of their PPP loans, consistent with the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). SBA will also soon issue regulations and guidance to further assist borrowers as they complete their applications, and to provide lenders with guidance on their responsibilities.

The form and instructions include several measures to reduce compliance burdens and simplify the process for borrowers, including:

- Options for borrowers to calculate payroll costs using an “alternative payroll covered period” that aligns with borrowers’ regular payroll cycles
- Flexibility to include eligible payroll and non-payroll expenses paid or incurred during the eight-week period after receiving their PPP loan
- Step-by-step instructions on how to perform the calculations required by the CARES Act to confirm eligibility for loan forgiveness
- Borrower-friendly implementation of statutory exemptions from loan forgiveness reduction based on rehiring by June 30
- Addition of a new exemption from the loan forgiveness reduction for borrowers who have

made a good-faith, written offer to rehire workers that was declined

The PPP was created by the CARES Act to provide forgivable loans to eligible small businesses to keep American workers on the payroll during the COVID-19 pandemic. The documents will help small businesses seek forgiveness at the conclusion of the eight week covered period, which begins with the disbursement of their loans.

If you have any questions, please contact your Hall Estill Attorney.

The application and instructions are attached.

Attorneys

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