

Paycheck Protection Program Loan Forgiveness

Cross References

- <https://home.treasury.gov/news/press-releases/sm1010>

The Small Business Administration (SBA), in consultation with the Department of the Treasury, has 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 CARES Act. SBA will also 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, 2020, and
- 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 released by SBA are designed to help small businesses seek forgiveness at the conclusion of the eight week covered period, which begins with the disbursement of their loans.

Go to the following link to view the application and instructions:

<https://home.treasury.gov/system/files/136/3245-0407-SBA-Form-3508-PPP-Forgiveness-Application.pdf>