

CLIENT ALERTS

UPDATE! President Trump Signs PPP Flexibility Act into Law

6.5.2020

On Friday, June 5, 2020, President Trump signed the Paycheck Protection Program Flexibility Act into law. This act was originally passed by the House on May 28, 2020 (which was described in our earlier Client Alert), and passed by the Senate on June 3, 2020.

The Flexibility Act modifies several provisions of the PPP loan program, including extending the covered period for qualifying expenditures to 24 weeks and reducing the required minimum percentage of payroll costs that may be included for forgiveness from 75% to 60%.

Our earlier alert noted that under the Flexibility Act, “it appears that no forgiveness will be granted unless at least 60% of the loan amount is used for payroll costs.” This has apparently been confirmed. In a statement quoted in Market Watch on Wednesday afternoon, Senator Marco Rubio, who had asked the Treasury Department to clarify its interpretation of this point, said “the Treasury has told us they are going to interpret that bill – if you don’t spend 60% of your money on payroll, if you only spend 59.9%, you will get zero forgiveness.”

The Butzel Long CARES Act Specialty Team will continue to follow any guidance and/or interpretation of the Flexibility Act and other developments related to the PPP loan program. Butzel attorneys are ready to help with questions about PPP loans and loan forgiveness.

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