

Hello,

We hope you had a wonderful Christmas, and we wish you a Very Happy New Year!

On December 27, 2020, President Trump signed the new Budget Act which was passed by Congress on December 21, 2020. This act included some provisions that will impact small businesses:

- If you received a PPP loan and it is forgiven, it is not taxable, and all expenses used to calculate the forgiveness will still be deductible. **This is good news.**
- If your PPP loan was under \$150,000 there will be a new 1-page forgiveness application that requires:
 - The number of employees that were able to be retained;
 - An estimate of the amount of the loan spent on payroll;
 - The total loan amount;
 - Statement by applicant to accuracy and compliance;
 - And the lender may not require additional documentation.
- The SBA has been directed to design the new 1-page form within 24 days from December 27, 2020, so if your loan was less than \$150,000 and you have not yet completed the loan forgiveness application for your bank, hold off and wait for the new form.
- EIDL advances will not reduce the PPP loan forgiveness calculated.
- Second PPP loans will be available to businesses who have used the full amount of the first PPP loan. To qualify for the second loan you must have fewer than 300 employees and you must be able to show at least a 25% reduction in gross sales in any quarter during 2020 compared to the same quarter the prior year.

As always if there is anything we can do to help, please do not hesitate to reach out to our office. We are committed to helping our small business clients through this time. Here's to saying goodbye to 2020 🍷

Lawrence, Nelson & Associates, Ltd.