

SBA Issues Guidance on How to Apply for More PPP Funds

On December 27, 2020, the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act was signed into law and made available additional Paycheck Protection Program (PPP) loans. This new round of COVID-19 relief legislation provides \$284 billion in additional PPP loan funds.

This round of funding is likely to be exhausted quickly. Here are a few steps you can take to navigate this new round of funding successfully.

Apply for your first PPP loan application. First draw loans will be available to entities that were in operation on February 15, 2020, did not receive a prior PPP loan and have less than 500 employees.

Submit your second draw PPP loan applications. Qualifications include:

- Average no more than 300 employees
- Demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020; and
- Make the required certification regarding economic necessity.

Collect your payroll records and calculate your PPP loan value.

- First draw loans continue to use the original formula under the CARES Act, i.e., 2.5 times the average monthly payroll costs up to \$10 million per borrower.
- Second draw loans use the same 2.5 times average monthly payroll costs for most borrowers and 3.5 times payroll costs for restaurants, hotels and other establishments that provide lodging and food.

File your tax returns. To qualify for a second PPP loan, the borrower must show a 25% reduction in revenue between 2019 and 2020. Tax returns are the easiest way to demonstrate this reduction in gross receipts.

File for loan forgiveness.

- Original PPP loans less than \$150,000 can now be forgiven with a simple certification of employees retained during the covered period.
- Eligible expenses have been expanded to include covered operations expenditures (business software), property damage due to public disturbances in 2020, committed supplier costs, and worker safety expenditures.

Your Company May Qualify for Federal Assistance for Covid-19.

At Centri, we are staying up to date on the guidance that is being issued regarding Paycheck Protection Program loans and can help you evaluate your options. Our experts can facilitate the loan application process with your financial institution and ensure that your business receives the financial assistance it is eligible for.

For more information on how we can help, please [contact us](#).

For more details, click [here](#) for our most recent Insight on the topic.

Centri Business Consulting provides the highest quality finance and accounting consulting services to its clients by being reliable and responsive to their needs. Centri provides companies with the expertise they need to meet their reporting demands. Centri specializes in financial reporting, internal controls, technical accounting research, valuation, and CFO advisory services for companies of various sizes and industries. From complex technical accounting transactions to monthly financial reporting, our professionals can offer any organization the specialized expertise and multilayered skill sets to ensure the project is completed timely and accurately.

For more information, please visit www.CentriConsulting.com