

Paycheck Protection Plan Updates

6/5/20: Today the President signed the Paycheck Protection Program Flexibility Act into law. (HR 7010). This legislation was passed by the House on May 27 and the Senate on June 4 and it addresses concerns about the original Paycheck Protection Program (PPP) as created under the CARES Act. Many of these changes will affect physical therapists in private practice.

1. The loan repayment period has been extended to five years for small businesses, including PT's in private practice. The business does not have to be eligible for loan forgiveness to benefit from these changes.
2. PPP recipients will receive a payroll tax deferral (this applies only to the amount paid by the employer covering the employer's funding of the social security system, Medicare, and other insurance programs) for their employees.
3. The deadline for spending the loan and applying and qualifying for loan forgiveness was extended from 8 weeks to 24 weeks. This is termed the "loan forgiveness period".
4. The funds obtained through PPP previously were limited to use for payroll/ overhead costs in a 75%/25% ratio. This has been modified to a 60%/40 % ratio, allowing small business owners to use a larger share on rent, mortgage, utility and other loan interest payments. It does not include funding for inventory, PPE or costs to expand remote learning. Employee compensation eligible for forgiveness is capped at \$100,000 and employer-owners and contractors are capped at \$15,385.
5. The intent of the PPP was that the number of employees used to calculate the loan would remain consistent. Employers will have until 12/31/2020 to rehire former employees-the deadline was previously 6/30/20. There are a few exceptions including if an employee who was employed on or before 2/15/20 declines rehire.

Additional information will be found here: [SBA](#)