



December 28, 2020

You are all familiar with the Paycheck Protection Program (PPP) that was signed into law in April. We wanted to make sure that you are aware of recently passed legislation that provides another round of PPP money to certain companies. Congress has also clarified and simplified much of the forgiveness process and now allows for expenses paid for with PPP funds to be tax deductible. See below for a brief summary of the provisions in the new bill.

1. ***PPP loan expenses are now deductible.***
2. Additional costs are eligible for the PPP program including certain costs related to property damage, supplier costs and worker protection expenses. These costs, along with other nonpayroll costs, cannot make up more than 40% of a borrower's PPP expenses.
3. Borrowers are now eligible to use a covered period of between 8 and 24 weeks. Previously borrowers only had the option to use an 8 OR 24 week covered period.
4. The bill includes a simplified forgiveness process for loans of \$150,000 or less.
5. ***Certain companies are eligible for a 2nd round of PPP loans.*** Below are a few requirements:
 - Company must have 300 or fewer employees.
 - Experienced at least a 25% revenue decline in any quarter during 2020 compared to the same quarter in 2019.
 - The loan amount is calculated as 2.5 months of prior year payroll costs (same as original PPP loans) with a cap of \$2 million.
 - Hotels and restaurants (NAICS code 72) can get 3.5 months' payroll costs.
 - Monthly payroll is based on the greater of trailing 12 months or 2019 calendar year
 - The SBA is required to issue guidance within 10 days of passing the bill

We encourage you reach out to your bankers and accountants for guidance on how the bill can help you directly as well as the steps that need to be taken in order to apply. If you can't find the answers you are looking for, we'll be glad to help point you in the right direction.

We can't thank you enough for allowing us to serve as your food service distributor. Stay safe and take care!