

SBA Releases New PPP Frequently Asked Questions

On Tuesday, the Small Business Administration (SBA) in consultation with Treasury issued a new frequently asked questions document for the Paycheck Protection Program (PPP) that addresses a number of topics relating to loan forgiveness.

Significantly, SBA has taken the position that the maximum amount of compensation that can be counted towards PPP loan forgiveness for individuals with ownership interests in Subchapter S corporations, Subchapter C corporations, general partnerships, or sole proprietorships must not exceed the lesser of \$20,833 or 20.833% of that individual's 2019 compensation. This cap will apply across companies owned by that individual. Certain rules relating to ownership affiliation apply.

The FAQ also addresses a number of issues, such as generally approving the use of scanned copies of documents; approving the inclusion of certain payroll costs and utility costs paid but not incurred during the Covered Period; and also clarifying that compensation falling within the ambit of "payroll costs" includes lost tips, lost commissions, bonuses, or other forms of hazard pay.

The FAQ also addressed a long-simmering question about what "transportation costs" means in the context of allowable utility expenses. According to the FAQ, "transportation costs" means "transportation utility fees assessed by state and local governments." This interpretation was not immediately clear after the passage of the CARES Act.

Finally, the FAQ addressed important issues surrounding the use of retirement plan contributions to increase the amount of payroll costs paid and incurred by a borrower during the Covered Period, as well as issues with respect to the inclusion of certain health insurance costs for owner-employees.

The FAQ can be found [here](#).

Contact Us

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