

LEGAL UPDATES

PUBLISHED: AUGUST 5, 2020

## SBA Issues FAQs on PPP Loan Forgiveness

### Service

Banking &amp; Finance

### Professionals

KIRSTIN P. SALZMAN  
KANSAS CITY:  
816.983.8316  
KIRSTIN.SALZMAN@  
HUSCHBLACKWELL.COM

CHRISTOPHER W.  
PETERSON  
SPRINGFIELD:  
417.268.4057  
CHRIS.PETERSON@  
HUSCHBLACKWELL.COM

As the Small Business Administration (SBA) prepares to accept forgiveness documentation from lenders via its Paycheck Protection Program (PPP) Forgiveness Platform on August 10, 2020, the SBA has issued Frequently Asked Questions (FAQs) relating to PPP loan forgiveness. These forgiveness FAQs reinforce previously issued guidance and provide new information to assist borrowers in preparing their loan forgiveness applications. This alert reviews new PPP forgiveness guidance within the SBA's Frequently Asked Questions and builds on our previously issued Loan Forgiveness FAQ.

### **Expenses for accelerated group health and retirement benefits are not eligible costs**

Employer expenses for employee group health care and retirement benefits that are paid or incurred by the borrower during the Covered Period or the Alternative Payroll Covered Period are eligible payroll costs. However, the SBA clarified that these eligible costs do not include expenses for group health care and retirement benefits accelerated from periods outside the Covered Period or Alternative Payroll Covered Period. In addition, group health care benefits paid by employees are not forgivable payroll costs.

### **Clarification on forgivable transportation costs**

Until now, there was speculation that "transportation" costs included, for example, mileage reimbursement and/or fuel charges. The SBA clarified that eligible "transportation" costs are limited to transportation utility fees assessed by state and local governments.

### **Loan forgiveness reduction calculation**

The CARES Act requires that a borrower's forgiveness be reduced for certain employees whose salary/hourly wage was reduced in excess of 25 percent. The

SBA has clarified that, in calculating such reductions in the loan forgiveness amount, borrowers should only take into account decreases in salaries or wages, and not other forms of compensation.

## **Contact us**

If you have further questions or require more information regarding this update, please contact Kirstin Salzman, Jessica Zeratsky, Christopher Peterson or your Husch Blackwell attorney.

## **Comprehensive CARES Act and COVID-19 guidance**

Husch Blackwell's CARES Act resource team helps clients identify available assistance using industry-specific updates on changing agency rulemakings. Our COVID-19 response team provides clients with an online legal Toolkit to address challenges presented by the coronavirus outbreak, including rapidly changing orders on a state-by-state basis. Contact these legal teams or your Husch Blackwell attorney to plan a way through and beyond the pandemic.