



# WOOLSTON CONSULTING GROUP, LLC

*Certified Public Accountants and Consultants*

December 20, 2020

Dear Client:

There is pending legislation for \$900 billion of economic relief for small businesses still struggling with the pandemic including \$300 billion in additional Paycheck Protection Program (PPP2) funding and Economic Injury Disaster Loans (EIDL). Key points of the proposed PPP2 include:

- Businesses with 300 or fewer employees will be eligible.
- Borrowers will need to demonstrate declines in revenue of at least 20%-30% in any 2020 quarter.
- Businesses that received funding in the initial program are available for PPP2 as well. It does not matter if you applied for forgiveness or not for your initial loans.
- Simplified forgiveness for existing PPP loans up to \$150,000. The current regulations provide for streamlined forgiveness up to \$50,000.
- Expanded forgivable expenses to include facilities modifications and personal protective equipment.
- 60% of expenditures will again need to be used for payroll expenses.
- 501(c)6 organizations could qualify.
- Depending on the timing of the legislation, funding could commence as early as the first week of January.

Also, two items being considered that could also be included in this bill or a future bill are:

- Deductibility of expenses paid using PPP funds. The IRS' current position is that, while the loan proceeds are not taxable income, the expenses paid with the PPP funds are not deductible.
- Additional stimulus checks (Economic Impact Payments)

We will continue to monitor the developments and advise you of steps you need to participate in these programs.

If you have any questions, please let us know.

Wishing you very happy holidays and a healthy New Year!

All our best.

Sincerely,

*Woolston Consulting Group, LLC*

Certified Public Accountants