

Eli's Hospice Insider

COVID-19: Simplified, 1-Page PPP Forgiveness Form Debuts

However, you may want to take a beat before filing for forgiveness

Paycheck Protection Act borrowers were happy to welcome the eagerly awaited simplified loan forgiveness form for the program.

The one-page form, which was required by the COVID-19 relief package signed into law Dec. 27, was still in the works when the Small Business Administration issued a Jan. 6 interim final rule implementing the law's PPP provisions.

As required by the 2021 Consolidated Appropriations Act, "only two dollar amounts are requested: the amount of the loan spent on payroll costs and the requested loan forgiveness amount," says **Tad Goodenbour** with BKD in online analysis of the new form.

"The use of Form 3508S doesn't grant automatic forgiveness of the full PPP loan," Goodenbour cautions. "For loans in excess of \$50,000, the full-time equivalent (FTE) reduction rules and the salary and hourly wage reduction provisions that can reduce the loan forgiveness amount are still applicable. These provisions aren't applicable to loans of \$50,000 or less."

Watch out: "In spite of its simplicity, it's important to remember the SBA reserves the right to disapprove an application for forgiveness even if it's filed on the revised Form 3508S," Goodenbour adds.



A link to the new form is at <https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses> - scroll down to the "3508S" entry posted Jan. 19 in the "For Borrowers" section. The form is one page, with six pages of instructions following.

Keep Close Tabs On PPP Deadline

Meanwhile, **with the recent PPP changes** included in the COVID-19 relief package signed into law on Dec. 27, 2020, you may want to let the dust settle before applying for loan forgiveness. But don't take too long.

"If a borrower does not apply for loan forgiveness within ten (10) months after the last day of the borrower's loan forgiveness covered period, loan payments are no longer deferred, and the borrower must begin making payments on the loan," The Health Group warns.

For example: "A borrower whose covered period ends on October 30, 2020 has until August 30, 2021 to apply for forgiveness before loan repayment begins," the firm explains in its electronic newsletter.