
Paycheck Protection Program Part Two: What Small Business Owners and Non-Profit Organizations Need to Know

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On December 27, 2020, the President signed into law the Consolidated Appropriations Act, 2021 (H.R. 133) (the “CAA”), which includes the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act (the “Act”). The Act amends and expands the Paycheck Protection Program (the “PPP”) under the CARES Act and the Small Business Act, providing for an additional \$284.45 billion of loans under the PPP (“PPP loans”) for small businesses and non-profit organizations due to the lengthening of the anticipated road to recovery from the pandemic and its economic consequences. The Act creates a facility for second draw PPP loans, provides for additional categories of eligible expenses that may be covered by PPP loan proceeds, makes certain other changes to facilitate forgiveness of PPP loans and resolves some limitations that PPP loan borrowers were facing. The Act and other sections of the CAA also include certain favorable U.S. federal tax provisions relating to the receipt of a PPP Loan.

Attorneys

- Helene R. Banks
- Craig M. Horowitz
- Aliza R. Levine
- Ayano Kato Creed