



After little movement in the Paycheck Protection Program rules, a new form was rolled out last night with little fanfare. The form, titled Form 3508S, provides an even more streamlined forgiveness application for certain borrowers. The application requires no detailing of expenses or employees, in addition to relaxing the exemptions that are causing some borrowers to not achieve complete forgiveness of their Paycheck Protection Program Loan.

### **Who is eligible?**

Any borrower whose loan is less than \$50,000 is eligible to use the Form 3508S. In order to be eligible, a borrower must not be part of an affiliated group which, in aggregate, received more than \$2 million in PPP loan funds.

### **Increased Forgiveness**

The instructions to the form provide a loophole that was previously hoped for by many borrowers at lower thresholds. A borrower will not be penalized for any reduction in full-time equivalent employees (FTE) or reductions in wages to the employees who have been retained. This has been a point of contention for the smaller businesses who are continuing to struggle to keep employees on payroll as restrictions keep revenue at bay.

By providing exemptions for FTEs and wage reductions, borrowers will simply need to spend the money appropriately over the 24-week covered period. Limitations still exist for owner compensation, but the extended period and the ability to circumvent the FTE and wage reduction restrictions should lead most if not all businesses to receive full forgiveness if they meet the qualifications laid out by the form.

### **Reduced Documentation**

The Form 3508S does not require any documentation for filing, just the amount of forgiveness requested and certifications that the loan was spent in accordance with program rules. It is critical to note that the form does not require any additional documentation. The lender can request support for any and all expenses used for forgiveness, but this is not a requirement by the SBA in order to be eligible to use Form 3508S.

According to the SBA, roughly 3.57 million forgiveness applications will be eligible to use Form 3508S, totaling approximately \$62 billion lent as part of the PPP. This is a move by Treasury and the SBA that should be applauded by small businesses.

We will be providing updates as they occur so please continue to monitor our Economic Relief Resource center (<https://www.peasecpa.com/covid-19-resource-center/>) for the latest developing information.