



June 5, 2020

Re: Paycheck Protection Program Flexibility Act

Dear Valued Client,

Congress recently passed the Paycheck Protection Program Flexibility Act, which provides the following changes to the Paycheck Protection Program:

- Businesses now have 24 weeks instead of 8 weeks to use the loan proceeds.
- Loan proceeds can now be used 60% for payroll expenses and 40% for other expenses. This is a change from the original requirement that the proceeds be used 75% for payroll expenses and 25% for other expenses. However, the law currently reads that none of the loan will be forgiven if at least 60% of the loan proceeds are not used for payroll expenses.
- Businesses that do not qualify for full forgiveness may repay the loan proceeds over five years instead of two years.
- The rehiring deadline has been extended to December 31, 2020 from June 30, 2020.
- Additionally, businesses with forgiven Paycheck Protection Program Loans are now eligible to defer the payment of 50% of employer Social Security payroll taxes until Dec. 31, 2021 and defer payment of the remaining 50% until Dec. 31, 2022.

If you have any questions or concerns, please don't hesitate to contact us via phone at 574-262-8886 or 574-296-9360 or send an email to your primary contact person or to [info@cornerstonecpagroup.com](mailto:info@cornerstonecpagroup.com).

Sincerely,

*Your Cornerstone CPA Group Team*