

January 18, 2021

Dear Clients, Friends, & Family:

As part of the Consolidated Appropriations Act (CAA) of 2021, a second round of the Paycheck Protection Program (PPP) is now available to businesses that received an original PPP Loan. There is new criteria and benefits to apply for the second round of the PPP loans, and they are listed below:

- **Eligibility Requirements For Second PPP Loan**
 - Previously received a PPP Loan and has or will have used the full amount of the loan for authorized disbursements.
 - Can provide at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020, or annual receipts from 2020 to 2019.
 - Certification that the business has been affected by COVID-19.
- **Loan Amount**
 - PPP Loan amounts are calculated as 2.5 times average monthly payroll costs based on wages in 2019, 2020, or the 12-month period prior to when the loan was made.
 - Employees are capped at \$100,000 in wages.
- **Loan Forgiveness**
 - Loan is eligible for forgiveness if the business uses PPP Loan proceeds for the following expenses:
 - Payroll Costs (Not previously forgiven from the first PPP Loan)
 - Business Rent & Lease Agreements
 - Business Mortgage Interest
 - Business Utility Payments
 - Personal Protective Equipment (PPE) – New through CAA
 - 60% of the loan must be used for payroll expenses, which may include health insurance, retirement benefits, and state and local payroll taxes
- **EIDL Grant Not Deducted off Loan Forgiveness**
 - The EIDL grants that were previously received by businesses are no longer deducted from the PPP Loan Forgiveness amount under the CAA.

If you have never applied for a PPP Loan, first time PPP Loans are still available as well. The PPP Loan program is still very beneficial for small businesses that have been affected by the COVID-19 Pandemic. We recommend you reach out to the bank that your business currently uses for its operating accounts or the bank that issued your first PPP Loan. If you do not have a contact at your bank, please let us know and we may be able to provide one for you.

We are here to assist you through this process and can provide any financial information that you may require, including the calculation of the decrease in gross receipts.

Sincerely,
Moscato Certified Public Accountants