

NCPA Member Summary of the *Paycheck Protection Program Flexibility Act*

This is NCPA's summary of relevant provisions for small business community and long-term care pharmacies contained in H.R. 7010, the ***Paycheck Protection Program Flexibility Act (PPPFA)***. President Trump signed the *PPPFA* into law on June 5, 2020.

The *PPPFA* would allow for a **longer term for the forgiveness of PPP loans** (24 weeks or until the end of the calendar year) and allow for **five years to repay any money owed**. It would also **extend the rehiring deadline for loan forgiveness** from 8 to 24 weeks and **reduced the 75/25 rule to 60/40 so that at least 60 percent of PPP loan funds must be used for payroll**.

Sec. 2—Maturity for loans with remaining balance after application of forgiveness

- The *PPPFA* would expand the loan repayment period beyond the current 2-year term to 5 years. This is meant to allow small businesses a sufficient window to recover before PPP loans must be repaid.

Sec. 3—Amendments to PPP Loan Forgiveness

- PPP covered period extended from June 30, 2020 to December 31, 2020.
- The rehiring deadline for loan forgiveness is extended from 8 to 24 weeks.
- PPP borrowers are required to direct 60 percent of the loan amount to payroll costs and may use up to 40 percent for any payment of interest on any covered mortgage, rent, or utility obligation. This modifies the current 75/25 rule that requires PPP borrowers to direct 75 percent of the loan amount to payroll costs.
- Eligible recipients that received PPP loans before enactment of the *PPPFA* can choose for the covered period of their loan to last either 8 weeks or 24 weeks from the date of origination.
- Changes made in the *PPFA* will be effective as if included in the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*.

Sec. 4—Delay of payment of employer payroll taxes

- Allows payroll tax deferment for PPP recipients.