



# TaxNewsFlash

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## Treasury issues guidance on Paycheck Protection Program (PPP); Trump signs PPP funding legislation

The U.S. Treasury Department today posted a new interim final rule on the Paycheck Protection Program (PPP) to supplement previously released interim final rules with additional guidance.

The [interim final rule](#) [PDF 71 KB] discusses PPP eligibility issues for investment funds and portfolio companies.

Also today, President Trump signed the “Paycheck Protection Program and Health Care Enhancement Act” (H.R. 266)—legislation that provides more than \$400 billion in new funding for the PPP as well as funds for health care, including relief for health care providers and for coronavirus (COVID-19) testing, but no tax provisions.

Treasury yesterday updated a set of “frequently asked questions” [FAQs](#) [PDF 410 KB] under the Paycheck Protection Program (PPP).

FAQ #31 was added and addresses whether businesses owned by large companies with adequate sources of liquidity to support the business’s ongoing operations qualify for PPP loans. In answer to FAQ #31, borrowers are reminded that they must certify in good faith that their PPP loan request is necessary to support their ongoing operations, taking into consideration their current business activity and their ability to access other sources of liquidity. By example, the FAQ states that it is unlikely that a public company with substantial market value and access to capital markets will be able to make the required certification in good faith. FAQ #31 concludes: “Any borrower that applied for a PPP loan prior to the issuance of this guidance and repays the loan in full by May 7, 2020 will be deemed by SBA to have made the required certification in good faith.”

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