



TaxNewsFlash

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Updated FAQs on PPP loans

The U.S. Treasury Department posted an updated version of a set of “frequently asked questions” (FAQs) concerning the Paycheck Protection Program (PPP) as administered by the Small Business Administration (SBA).

The PPP is a program providing financial support lending for small and large businesses pursuant to measures originally included in the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) (Pub. L. No. 116-136). Additional measures concerning the program were enacted under the *Consolidated Appropriations Act, 2021* (Pub. L. No. 116-260) (the *Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act* is one of the titles of the legislation enacted December 27, 2020). That legislation effectively opened up the availability for a “second draw” for PPP loans.

The [FAQs](#) [PDF 382 KB] were most recently updated March 12, 2021.

The updated FAQs reflect changes or clarifications made to existing FAQs (that is, the FAQs that were initially issued April 6, 2020, and then released on subsequent dates and most recently updated March 3, 2021). The footnotes to FAQs 1 through 65 indicate when revisions have been made, with a notation when “revised on March 12, 2021.”

The March 12 version of the FAQs includes new FAQ 66:

66. Question: On March 3, 2021, SBA posted Interim Final Rule “Revisions to Loan Amount Calculation and Eligibility” allowing Schedule C filers to use gross income to calculate PPP loan amounts. What options do lenders have to assist Schedule C filers who already submitted a PPP loan application to use gross income to calculate their PPP loan amount?

Answer: The options available to lenders depend on the status of the PPP loan application.

- *If the lender has not submitted a loan guaranty application for the Schedule C applicant who wishes to use gross income to calculate their loan amount, the applicant must submit to the lender SBA Form 2483-C for a First Draw PPP Loan or SBA Form 2483-SD-C for a Second Draw PPP Loan, and the lender then must submit a loan guaranty application to SBA through the Paycheck Protection Platform (Platform) using SBA Form 2484 (Revised 3/21) for a First Draw PPP Loan or SBA Form 2484-SD (Revised 3/21) for a Second Draw PPP Loan.*

- *If the lender has submitted a loan guaranty application to the Platform and the loan guaranty application has not yet been approved, the lender may withdraw the loan guaranty application from the Platform, and resubmit a loan guaranty application after receipt from the applicant of SBA Form 2483-C for a First Draw PPP Loan or SBA Form 2483-SD-C for a Second Draw PPP Loan. The lender must use SBA Form 2484 (Revised 3/21) for a First Draw PPP Loan or SBA Form 2484-SD (Revised 3/21) for a Second Draw PPP Loan when resubmitting the loan guaranty application.*
- *If SBA has issued a loan number, but the loan has not yet been disbursed, the lender may cancel the loan in E-Tran Servicing and the applicant may apply for a new loan using SBA Form 2483-C for a First Draw PPP Loan or SBA Form 2483-SD-C for a Second Draw PPP Loan.*
- *If the lender has disbursed the loan but has not filed the related Form 1502 Report reporting disbursement of the loan, the applicant must repay the PPP loan in full, the lender must cancel the loan in E-Tran Servicing, and the applicant may apply for a new loan using SBA Form 2483-C for a First Draw PPP Loan or SBA Form 2483-SD-C for a Second Draw PPP Loan.*
- *If the lender has disbursed the loan and filed the related Form 1502 Report reporting disbursement of the loan, no changes can be made to the loan amount calculation.*

Note: Loans must be canceled in E-Tran Servicing (not in the Platform). The Platform may take up to 2 days to reflect the actions in E-Tran Servicing. Lender cannot enter a new loan guaranty application until the Platform recognizes the prior loan's cancellation.

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