



# TaxNewsFlash

United States



No. 2021-312  
July 28, 2021

## Interim final rule: PPP loan forgiveness process, appeals deferment (COVID-19)

The Small Business Administration (SBA) this afternoon released for publication in the Federal Register an interim final rule to implement measures related to the forgiveness of loans made under the Paycheck Protection Program (PPP).

### Background

The Paycheck Protection Program (PPP), as administered by the SBA, was intended to offer economic relief for businesses affected by the coronavirus (COVID-19) pandemic.

PPP provided financial support lending for small and large businesses under measures that were 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) (specifically in one of the titles to the legislation, the *Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act*). That legislation effectively opened up the availability for a “second draw” for PPP loans.

The PPP was scheduled to expire March 31, 2021. President Biden on March 30, 2021, signed legislation (Pub. L. No. 117-6) that extended the PPP through June 30, 2021.

### SBA interim final rule

Today’s [interim final rule](#) [PDF 327 KB] is intended to streamline the forgiveness process for PPP loans of \$150,000 or less by:

- Allowing lenders to use a “COVID revenue reduction score” at the time of forgiveness to document the required revenue reduction for second draw PPP loans
- Establishing a direct-borrower forgiveness process for lenders that choose to opt-in as an alternative method of processing loan forgiveness applications

The interim final rule also extends the loan deferment period for PPP loans when the borrower timely files an appeal of a final SBA loan review decision with the SBA Office of Hearings and Appeals.

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