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Congress approves sweeping changes to PPP. Here are the details.

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The U.S. Senate approved sweeping changes to the Small Business Administration's Paycheck Protection Program Wednesday evening, making the program's lending terms more favorable to restaurants, retailers and other businesses.

The bipartisan bill, titled the Paycheck Protection Program Flexibility Act of 2020, was passed May 28 by the House of Representatives.

Introduced by Reps. [Chip Roy](#), R-Texas, and [Dean Phillips](#), D-Minn., the legislation extends the eight-week period under which loan recipients can spend the PPP money while also addressing other details that have bedeviled small businesses in the hospitality realm. The Senate version's backers included Sens. [Tim Kaine](#), D-Va.; [Thom Tillis](#), R-N.C.; [Debbie Stabenow](#), D-Mich.; [Cory Gardner](#), R-Colo.; [Angus King](#), I-Maine; and [Steve Daines](#), R-Mont.

The bill now heads to President Donald Trump for his signature.

If signed into law by Trump, the Paycheck Protection Program Flexibility Act would:

Extend the "covered period" under which small businesses can spend the loan proceeds from eight weeks to 24 weeks, or until Dec. 31.

Remove the limits on loan forgiveness for small businesses that were unable to rehire employees, hire new employees or return to the same level of business activity as before the virus.

Expand the 25% cap to use PPP funds on nonpayroll expenses, such as rent, mortgage interest and utilities, to 40% of the total loan. That lowers the 75% requirement for payroll expenses to 60% to get maximum forgiveness.

Allow small businesses to take a PPP loan and also qualify for a separate, recently enacted tax credit to defer payroll taxes, currently prohibited to prevent "double dipping."

Extend the loan terms for any unforgiven portions that need to be repaid from two years to five years, at 1% interest.

Give small businesses more time to rehire employees or to obtain forgiveness for the loan if social-distancing guidelines and health-related actions from the Centers for Disease Control and Prevention or other agencies prevented the business from operating at the same capacity as it had before March 1.

Extend the period for when a business can apply for loan forgiveness, from within six months to within 10 months of the last day of the covered period, before it must start making interest and principal payments.

Under the new bill, PPP loan interest and payment of principal and fees will be deferred until the loan is forgiven by the lender.



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The Senate passed a revised version of the Paycheck Protection Program on Wednesday evening that's slated to make the provisions much easier for small businesses.

This bill was not Congress' first attempt to fix aspects of the PPP. The \$3 trillion HEROES Act, which passed the House earlier in May, [contained a number of PPP fixes](#), though not just tailored to the hospitality industry. But the legislation, proffered by House Democrats, faces opposition from Senate Republicans.

Business groups, which had supported the Paycheck Protection Program Flexibility Act and its changes, applauded its passage. The National Association of Manufacturers declared it a "lifeline," particularly for smaller manufacturing companies. Under the original PPP loan terms, the covered period was slated to end June 30, even as [more than \\$100 billion of available funding](#) still remained to be doled out.

"As the majority of small businesses reach the conclusion of their Paycheck Protection Program forgiveness period in the next couple weeks, they are figuring out how to comply with the loan terms while also navigating reopening and rehiring their employees in a safe manner," said [Kevin Kuhlman](#), vice president of government relations for the National Federation of Independent Business, [in a statement](#). "The Paycheck Protection Program Flexibility Act of 2020 will further help many small businesses impacted by Covid-19 by reducing the payroll limitation of the program and extending the loan forgiveness period."

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