



June 9, 2020

DEALERSHIP INFORMATIONAL ADVISORY

COVID-19 Updates #29

NADA WEBINAR ON PPP FLEXIBILITY ACT

Tuesday, June 9, 12 p.m. (noon) to 1 p.m.

[The Paycheck Protection Program Flexibility Act of 2020: Impact on the Use and Forgiveness of Loan Proceeds](#)

NADA is offering a webinar, June 9, 2020, from 12 p.m. to 1 p.m. that will review the PPP Flexibility Act and make reference to key rules and guidance from the SBA and Treasury with a special focus on loan forgiveness application materials. Time will be allotted to address questions from webinar participants. [This webinar is designed for dealers, dealership managers, controllers, CPAs, and lawyers.](#) and AADA would encourage dealers to register today.

[REGISTER HERE.](#)

SBA AND US TREASURY JOINT STATEMENT ON NEW PPP FLEXIBILITY ACT

SBA and Treasury issued a joint statement. ([Full statement here](#)):

SBA, in consultation with Treasury, will promptly issue rules and guidance, a modified borrower application form, and a modified loan forgiveness application implementing these legislative amendments to the PPP. These modifications will implement the following important changes:

- Extend the covered period for loan forgiveness from eight weeks after the date of loan disbursement to 24 weeks after the date of loan disbursement, providing substantially greater flexibility for borrowers to qualify for loan forgiveness. Borrowers who have already received PPP loans retain the option to use an eight-week covered period.
- Lower the requirements that 75 percent of a borrower's loan proceeds must be used for payroll costs and that 75 percent of the loan forgiveness amount must have been spent on payroll costs during the 24-week loan forgiveness covered period to 60 percent for each of these requirements. If a borrower uses less than 60 percent of the loan amount for payroll costs during the forgiveness covered period, the borrower will continue to be

eligible for partial loan forgiveness, subject to at least 60 percent of the loan forgiveness amount having been used for payroll costs.

- Provide a safe harbor from reductions in loan forgiveness based on reductions in full-time equivalent employees for borrowers that are unable to return to the same level of business activity the business was operating at before February 15, 2020, due to compliance with requirements or guidance issued between March 1, 2020 and December 31, 2020 by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration, related to worker or customer safety requirements related to COVID-19.
- Provide a safe harbor from reductions in loan forgiveness based on reductions in full-time equivalent employees, to provide protections for borrowers that are both unable to rehire individuals who were employees of the borrower on February 15, 2020, and unable to hire similarly qualified employees for unfilled positions by December 31, 2020.
- Increase to five years the maturity of PPP loans that are approved by SBA (based on the date SBA assigns a loan number) on or after June 5, 2020.
- Extend the deferral period for borrower payments of principal, interest, and fees on PPP loans to the date that SBA remits the borrower's loan forgiveness amount to the lender (or, if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period).
- In addition, the new rules will confirm that June 30, 2020, remains the last date on which a PPP loan application can be approved.

IRS RELEASES EMPLOYER TAX CREDIT GUIDANCE

The Internal Revenue Service (IRS) has released a [new publication](#) that outlines **new employer tax credits**, including the employee retention credit, and leave credits.

In addition to the link above, details can be found at www.irs.gov/coronavirus/new-employer-tax-credits.

NADA CORONAVIRUS HUB

As a reminder, you know, NADA has produced a tremendous amount of resources to help dealers and their operations during the coronavirus pandemic.

The site and the links will be updated continuously; bookmark the address and click on the links as you need them for the latest versions of everything CARES Act, SBA, PPP, Tax Relief and more. Please check it out here: <https://www.nada.org/coronavirus/regulatory/>.

ADDITIONAL AND HELPFUL LINKS

For additional information related to maintaining your dealership as safe, we would recommend monitoring updates from the CDC, [link](#), and OSHA, [link](#).

Please go to our website for links to information your dealership needs at [AADA coronavirus update](#).

For more information about **safely operating a dealership during COVID-19**, please see NADA's [Dealership Health and Safety Concerns During a Pandemic FAQs](#) (which also includes several updated, useful links to additional information).

AADA will work to keep you updated on this situation, but a firm commitment to maintaining a safe and clean work environment for your employees and customers will help you navigate this health crisis.

If you have any questions about this bulletin please don't hesitate to call, 501-372-2596, or email Greg Kirkpatrick greg@arkautodealers.com.