

## MDM&C Update

May 15, 2020

### ***Department of Treasury: Interim Rule***

Below is a link to the latest Interim Rule. When the Paycheck Protection Program (PPP) was instituted in March of 2020, uncertainty surrounded the proper computation rules to be used for determining the amount of loans that could be received by self employed individuals (such as partners in a partnership) and seasonal businesses.

The SBA issued guidance on these two particular issues on April 14, 2020 and April 28, 2020. Some borrowers did not have the benefit of these clarifications and received loan amounts in lesser amounts than permitted under the updated SBA rules.

For borrowers in the situation above, the SBA issued a new interim rule yesterday modifying the PPP rules requiring one sole loan distribution and permitting borrowers to modify their computations consistent with the later rulings. The one caveat is that the lender must not have issued SBA Form 1502 to the SBA. The form is typically completed monthly by lenders to report SBA loans.

Applicable partnerships can now potentially revisit their loan computations and include partner compensation if previously excluded consistent with updated rules. Likewise, seasonal business can apply the alternative computation criterion to increase loan amounts.

We recommend you consult with your accountants or finance department to determine the benefits of the potential alterations to your PPP computations.

**<https://home.treasury.gov/system/files/136/Interim-Final-Rule-on-Loan-Increases.pdf>**

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