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Three Things to Know about the Extended Paycheck Protection Program

Juan Vasquez, Jr. interviewed about "Three Things to Know about the Extended Paycheck Protection Program"

ABC Channel 13 News and Community Impact Newspaper
July 18, 2020

On July 18, 2020, Channel 13 News in Houston published an article with Chamberlain Hrdlicka shareholder Juan Vasquez, Jr. providing information about the Paycheck Protection Program (PPP). Below is the article from Channel 13 News.

Texas businesses seeking financial assistance amid the coronavirus pandemic received positive news July 4 when President Donald Trump signed a new law extending the deadline for applying for a Paycheck Protection Program loan from June 30 to Aug. 8.

The law also gave business owners more flexibility with how they can spend the funds, said Juan Vasquez, a Houston-based attorney who concentrates his practice on federal, state and local tax matters. Previously, 75% had to be spent on wages, with the remaining 25% left over for other covered areas; now the ratio is 60% for wages and 40% for other expenses. Another change that went into effect was the extension of the program's coverage period to 24 weeks as opposed to the previous eight.

Businesses who received PPP loans on or after June 5 must follow the 24-week period, whereas businesses who received loans before June 5 could choose an eight- or 24-week coverage period. These changes give business owners the flexibility to spend the funds differently and over a longer period of time, Vasquez said.

"Now business owners can decide what's best for them," he said.

Vasquez offered several tips and insights for business owners looking for relief as they navigate the challenges of COVID-19. Here are three considerations he said should be at the forefront of owners' minds.

The program is working, and all businesses should take advantage

With Texas receiving 8% of the nation's total PPP loans, Vasquez said the program "has without question saved millions of jobs." The funds given through the PPP have been critical in keeping workers employed, whether remotely or in person, and this has kept small businesses surviving, Vasquez said.

"I can say first hand ... many, many small businesses did in fact utilize these funds, and these funds really were life savers and job savers," he said.

Some businesses at the program's inception either did not secure funding or felt philosophically that they should not based on the size of their business, Vasquez said. He encouraged these businesses to seek out the money because Congress has done an effective job of prohibiting public companies from securing the funds meant for smaller businesses.

"I would definitely encourage folks to utilize the PPP funds to allow for food to be on

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the table for all workers, including even owners," he said.

Recipients must closely manage the loan forgiveness process

To maximize loan forgiveness, Vasquez said small-business owners need to closely manage the process and ensure they keep all relevant documentation. To make sure the PPP loans are forgivable, businesses need to apply within 10 months of the end of their covered period. The lender then has 60 days to make a decision on forgiveness.

Vasquez also said business owners need to look carefully at the loan forgiveness paperwork. Normally with loan forgiveness, that loan can be taxable, but Congress made PPP loans nontaxable.

Contact your senators and advocate for additional funding

Vasquez said now is the time for business owners across the state to contact their local representatives and call for more funding for those directly impacted, especially those in the service industry.

Restaurants, hospitality companies and other businesses in the service industry are worried about what the future will hold for them, he said. There is hope the next round of stimulus funding could include a PPP extension targeted at the service industry, either in terms of additional funds or an allowance of the existing \$130 billion that remains unspent, Vasquez added.

The PPP funds were intended as a short-term stopgap, but different states have experienced cases surging at different times.

Furthermore, current regulations state businesses can only seek PPP funding one time. With the surge in coronavirus cases in Texas, the program is even more essential in keeping businesses afloat, Vasquez said.

"Given that Texas is now at the peak or close to the peak of its challenges, businesses are starting to contract again," he said. "Texas could definitely use ... either the existing funds, if the senators allow a change in the rules, [or additional funding] if additional funding is allocated."

Here is a link to the article at Channel 13 -

<https://abc13.com/paycheck-protection-program-financial-assistance-coronavirus-relief-covid-19/6323405/>

Here is a link to the article in Community Impact Newspaper -

<https://communityimpact.com/houston/bay-area/business/2020/07/18/here-are-3-things-to-know-about-the-extended-paycheck-protection-program/>

