Proskauer

SBA Prioritizes Smallest of Small Businesses in the Paycheck Protection Program

February 24, 2021

On Monday, February 22, 2021, President Biden announced changes to the Paycheck Protection Program (the "PPP") aimed at providing relief to particularly small businesses and promoting equitable access to the PPP. Specifically, beginning on Wednesday, February 24, 2021 at 9:00 A.M. EST, the Small Business Administration established a two-week exclusivity period where only businesses and nonprofits with fewer than 20 employees will be able to apply for a PPP loan. In addition, there are four other changes to the PPP that will go into effect the first week of March, opening the program to more underserved small businesses. These include:

- a revised PPP funding formula for sole proprietors, independent contractors and self-employed individuals to allow them to receive more financial support;
- eliminating a restriction on PPP access for small business owners with prior non-fraud felony convictions to allow them to receive funding;
- eliminating student loan debt delinquency as a disqualifier to participating in the PPP; and
- ensuring access for non-citizen small business owners who are lawful U.S. residents by clarifying that they may use an Individual Taxpayer Identification Number (ITIN) to apply for the PPP.

It is not clear yet if there will be any regulations implementing or providing more details on these additional changes. The Proskauer Team will update if and when they come out.

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Proskauer's cross-disciplinary, cross-jurisdictional Coronavirus Response Team is focused on supporting and addressing client concerns. We will continue to evaluate the CARES Act, the Consolidated Appropriations Act, 2021, related rules and regulations and any subsequent legislation to provide our clients guidance in real time. Please visit our Coronavirus Resource Center for guidance on risk management measures, practical steps businesses can take and resources to help manage ongoing operations.

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