

This article presents general guidelines for Georgia nonprofit organizations as of the date written and should not be construed as legal advice. Always consult an attorney to address your particular situation.

Paycheck Protection Loans of \$50,000 or Less: New, Simplified Forgiveness Forms and Requirements

On October 8, 2020, the Small Business Administration (“SBA”) released a new [Interim Final Rule](#) (“Rule”) and a new Paycheck Protection Act (“PPP”) loan forgiveness form ([Form 3508S](#)) and [instructions](#) for PPP borrowers who borrowed a total of \$50,000 or less.¹ The Rule exempts such borrowers from loan forgiveness reductions based on reductions in full-time equivalent (FTE) employees or reductions in salaries or wages during the loan’s Covered Period.²

Form 3508S is even more streamlined than the PPP loan forgiveness Form 3508EZ. It only requires: (a) demographic information, (b) basic PPP loan information, (c) number of employees at the time of loan application and at the time of submitting Form 3508S, (d) EIDL information, (e) the requested forgiveness amount and (f) a series of certifications. It does not require the borrower to provide specific payroll and nonpayroll numbers or to submit its calculations for determining the amount of its loan forgiveness. However, the SBA may request such information and calculations as part of loan review process, so be sure to keep your detailed calculations and back up numbers used in the calculations.

The Form 3508S instructions provide definitions and information about how to calculate the forgiveness amount. All three PPP loan forgiveness forms (3508, 3508EZ and 3508S) have the same initial loan forgiveness calculation. The Form 3508S differs because it provides for the exemptions for FTE and wage reductions. See our articles on [PPP Loan Forgiveness](#) and [Clarifications to Forgiveness](#) for a detailed explanation as to how to complete the general calculation.

The certifications required on Form 3508S include: (a) the borrower met the payroll requirement of at least 60% over the Covered Period; (b) the borrower can accurately verify the payments for eligible payroll and nonpayroll costs and the calculation was accurate; and (c) an understanding that the SBA may request information and calculations when reviewing the application.

If you have any questions about this new PPP loan forgiveness form, please contact your PBPA attorney.

¹ Note the Rule does not apply to any borrower who, together with its affiliates, received loans totaling more than \$2 million, even if the individual borrower received less than \$50,000.

² This can be 8-weeks or 24-weeks. See our article on [PPP Loan Forgiveness](#).

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