



Monday, the Small Business Administration (SBA) released additional guidance concerning the ownership percentage that triggers the applicability of the owner compensation rule for forgiveness purposes. Owner-employees who own less than 5% of a C-Corp or S-Corp are not subject to the owner-employee compensation rule.

The SBA also clarified non-payroll costs eligible for forgiveness may not include monies to the business operation of a tenant or sub-tenant of the PPP borrower or for home-based businesses, household expenses.

Finally, rent payments to related parties are eligible for loan forgiveness as long as (1) the amount of loan forgiveness requested for rent or lease payments to a related party is no more than the amount of mortgage interest owed on the property during the Covered Period that is attributable to the space being rented by the business, and (2) the lease and the mortgage were entered into prior to February 15, 2020.

Additional information, including examples of eligible nonpayroll costs, can be found in the interim final rule.

Interim Final Rule: https://www.sba.gov/sites/default/files/2020-08/PPP%20IFR%20-%20Ownership.pdf?utm_campaign=NEWSBYTES-20200825&utm_medium=email&utm_source=Eloqua