

NEWS ALERT**TAX AND BUSINESS GROUPS****Biden Temporarily Limits Paycheck Protection Program Loan Access To Reach Smaller And Minority Businesses**

By Marc T. Finer | February 24, 2021

On Monday, February 22, President Biden announced temporary eligibility restrictions under the Paycheck Protection Program (“PPP”) in an attempt to provide greater loan access to smaller and minority businesses. Specifically, during a 14-day exclusive window starting Wednesday, February 24, only businesses with fewer than 20 employees will be permitted to apply for PPP loans. This window should allow lenders to focus on serving the smallest businesses. The announcement can be found by clicking [here](#).

Other PPP reforms also announced by the Biden administration are meant to broaden PPP loan access to businesses that include owners with criminal records or federal loan defaults and/or who are non-US citizens. These reforms, which will be implemented through upcoming Small Business Administration guidance, include:

- Contractors, sole proprietors and self-employed individuals will be permitted to use gross income rather than net income to calculate their PPP loan amount to increase the amount they are eligible to borrow. This will benefit small business owners who typically benefit from business deductions to reduce taxable income but who became ineligible to receive, or only could receive nominal, PPP loans as a consequence.
- Elimination of the restriction that prevents a business from being eligible for a PPP loan if a 20% owner has been arrested or convicted of a non-financial fraud felony within the previous year.
- Elimination of the restriction that prevents a business from being eligible for a PPP loan if a 20% owner is currently delinquent or has defaulted within the past seven years on a federal debt, including student loans.
- Non-citizen business owners who are lawful US residents will receive access to the PPP.

It is important to note that the reforms announced by the Biden administration will remain in place only until the PPP expires on March 31, 2021.

If you have any questions regarding the Paycheck Protection Program or how it might affect your business, please contact:

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