



TO: NAW Direct Members

FROM: NAW Government Relations Team

New Guidance on Paycheck Protection Program Loans

Last evening the Treasury Department released a new Frequently Asked Questions on the Paycheck Protection Program. This is a very useful document and either addresses or resolves a number of questions or concerns businesses had with the program. For example, there was an apparent glitch in the SBA's Interim Final Rule on how small businesses would be defined for eligibility in PPP, which we were working with our trade association colleagues to get fixed, and this new FAQ fixes the problem. It also provides guidance on many other aspects of the program.

- The CARES Act states clearly that any business is eligible for PPP loans under whichever of two thresholds for counting employees is greatest: either (1) a threshold of 500 or fewer employees; ***or*** (2) a threshold for businesses within certain industry categories with applicable SBA employee-based size standards. However, the Interim Final Rule released by the Small Business Administration last Thursday appeared to limit businesses that would qualify for PPP loans to those that meet two size thresholds: the 500 employee threshold ***and*** the revenue/gross receipts standard (for the industries where gross receipts is the controlling factor in size determination).

While this apparent conflict would not impact the wholesale distribution industry directly, it could very well impact many of your customers. For example, retail, restaurants and construction all fall under the gross receipts size determination. The FAQ resolves this issue, clearly stating that “... *a business is eligible for a PPP loan if the business has 500 or fewer employees whose principal place of residence is in the United States, or the business meets the SBA employee-based size standards for the industry in which it operates (if applicable) ...*” While it is very unusual for a departmental FAQ to govern over an official rule-making, we anticipate that

when the SBA publishes its rule in the Federal Register it will correct this conflict.

- We have had several member companies raise questions about how employees are counted for eligibility in PPP. The FAQ addresses this issue, and while it may not be completely definitive, it does provide much clearer guidance than the CARES Act legislative language.

[Click here](#) to access the FAQs.