

New PPP Guidance Clarifies Affiliation Rules If a Business Sponsors an ESOP

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The Paycheck Protection Program and Health Care Enhancement Act (the “**PPP/HCE Act**”), signed into law on April 24, 2020, clarified how the affiliation rules apply to businesses that sponsor employee stock ownership plans (“**ESOPs**”). According to the PPP/HCE Act, for purposes of the Paycheck Protection Program, a business’s participation in an ESOP will not result in an affiliation between the business and the ESOP (or with the participants in the ESOP). A copy of the PPE/HCE Act can be found [here](#).