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## **AICPA Urges the Small Business Administration to Address Small Businesses' Significant Challenges with PPP Loan Application System**

WASHINGTON, DC, February 3, 2021 – [The American Institute of CPAs \(AICPA\)](#) today sent a letter (attached) to the Small Business Administration (SBA) raising concerns about the challenges small businesses are facing with the current Paycheck Protection Program (PPP) loan application system.

“PPP loans have proven to be a critical lifeline for the millions of small businesses and not-for-profits that struggle to stay open and retain employees. As close advisers to these organizations, the CPA community has a unique view into problems with the current PPP application system,” said Barry Melancon, CPA, CGMA, AICPA president and CEO. “We appreciate the SBA’s continued efforts to restore Main Street America’s economies. However, there are significant operational, system and communication challenges that must be quickly addressed for PPP to succeed as intended.”

Specifically, the AICPA letter outlines the following problems small businesses, and the CPAs who advise them, face in applying for the current round of funding for first- and second-draw PPP applications:

### **1. Challenges with Draw One & Draw Two applications being denied acceptance into E-Tran system:**

AICPA’s letter acknowledges the important, additional checks that were put in place to address fraudulent applications. However, it adds, “these validation checks are causing tens of thousands of legitimate applications to be denied acceptance by the SBA. Lenders and loan applicants do not understand the process to resolve these declines, creating great anxiety and confusion for small business owners.”

For example, some applications have been denied because the business owner was incorrectly informed that he has a criminal record. AICPA’s letter requests that “the SBA provide more information on this validation process and correct some of these system issues as an urgent priority. In addition, to reduce anxiety and confusion, small businesses would benefit greatly by being more clearly informed that their initial acceptance in the SBA E-Tran system could take more than a week via broad communications about the program.”

### **2. SBA processing and resolution delays for applications successfully submitted into E-Tran system:**

AICPA’s letter also cites confusion over the more than 40 different “error codes” related to SBA E-Tran system validation checks.

“For example, one of the new requirements for Draw 2 sole proprietor applications is to use an EIN number instead of their SSN, even though many used their SSN with their original PPP application. This new requirement is causing the application to be declined, since one of the acceptance validation checks is to confirm the same number as the original PPP application. The overall top reason for decline is discrepancy with Applicant Tax ID, and the steps to correct this issue do not seem to be working in most

cases. For instance, the system appears to report errors even in cases where the borrower used the same EIN on both applications and can demonstrate this fact to the lender,” says AICPA’s letter

AICPA requests that the SBA “provide further clarity and, even more importantly, communicate publicly that nearly one third of all applications are receiving these requests for further review which could delay processing by a week or more.”

**3. SBA capping of PPP Draw One and Draw Two loan amounts:**

AICPA is aware that the SBA’s loan processing system has put in place a loan eligibility amount cap of \$35,000 per employee for both Draw One and Draw Two applications. Because this cap results in the SBA E-Tran system reducing the approved loan amounts back to lenders, AICPA urges the SBA to “provide clear guidance related to these PPP loan caps that is widely communicated. Small businesses are confused when their loan amount is reduced with no explanation.”

**4. Broad communication on available funding, overall processing and timing.**

Lastly, AICPA’s letter states, “that broader communication from the SBA that there is sufficient funding to support all Draw One and Draw Two loan requests, along with clear communication that processing time could be one to two weeks due to the increased validation checks and reviews, will greatly reduce anxiety with small businesses.”

**About the American Institute of CPAs**

The American Institute of CPAs (AICPA) is the world’s largest member association representing the CPA profession, with more than 431,000 members in the United States and worldwide, and a history of serving the public interest since 1887. AICPA members represent many areas of practice, including business and industry, public practice, government, education and consulting. The AICPA sets ethical standards for its members and U.S. auditing standards for private companies, nonprofit organizations, and federal, state and local governments. It develops and grades the Uniform CPA Examination, offers specialized credentials, builds the pipeline of future talent and drives professional competency development to advance the vitality, relevance and quality of the profession.