

PPP Applying For Forgiveness



Presented to: PAA

Date: May 21, 2020

Objective

- Provide practical guidance on completing the Paycheck Protection Program Loan Forgiveness Application

Agenda

- Updates since April 23rd (last presentation)
- What does applying for loan forgiveness look like?
- Review of questions answered by the application
- Review of questions that are still unanswered
- Review of a Case Study of Forgiveness Calculation

Updates Since April 23, 2020

- FAQs 31 – 48 have been issued
 - FAQ 31, 37, 43, 46, 47 – Good Faith Certification
 - FAQ 38 – Acquired business after 2/15
 - FAQ 39 - \$2,000,000 rule
 - FAQ 40 – Employee declines offer
 - FAQ 45 – Employee Retention Credit
- IRS Comments on Taxation
- Inspector General’s Report
- 10 additional IFRs have been issued

Friday, May 15, 2020

- SBA Releases SBA Form 3508
- Paycheck Protection Program -
 Loan Forgiveness Application
- As expected, answers some questions, raises others
- Indicates more guidance to come this week

SBA Form 3508 – 11 Pages

- 5 Pages of instructions
- 4 Pages of forms to complete
- 1 Page of certifications – will need to sign
- 1 Page relating to the documentation you will need to submit

What are the 4 Forms?

- I - Page 3 - PPP Loan Forgiveness Calculation Form
 - II - Page 6 – PPP Schedule A
 - III - Page 9 – PPP Schedule A Worksheet
 - TABLE 1 - employees in covered period - < \$100K in 2019
 - TABLE 2 – employees in covered period - > \$100K in 2019
 - FTE Reduction Safe Harbor
- IV - Page 11 – Demographic Info Form (Optional)
- **NEED TO WORK BACKWARDS TO COMPLETE THE APPLICATION**

Demographic Info Form – (Page 11)



**Paycheck Protection Program
Loan Forgiveness Application**

OMB Control Number 3245-0407
Expiration Date: 10/31/2020

PPP Borrower Demographic Information Form (Optional)

Instructions

1. **Purpose.** Veteran/gender/race/ethnicity data is collected for program reporting purposes only.
2. **Description.** This form requests information about each of the Borrower’s Principals. Add additional sheets if necessary.
3. **Definition of Principal.** The term “Principal” means:
 - For a self-employed individual, independent contractor, or a sole proprietor, the self-employed individual, independent contractor, or sole proprietor.
 - For a partnership, all general partners and all limited partners owning 20% or more of the equity of the Borrower, or any partner that is involved in the management of the Borrower’s business.
 - For a corporation, all owners of 20% or more of the Borrower, and each officer and director.
 - For a limited liability company, all members owning 20% or more of the Borrower, and each officer and director.
 - Any individual hired by the Borrower to manage the day-to-day operations of the Borrower (“key employee”).
 - Any trustor (if the Borrower is owned by a trust).
 - For a nonprofit organization, the officers and directors of the Borrower.
4. **Principal Name.** Insert the full name of the Principal.
5. **Position.** Identify the Principal’s position; for example, self-employed individual; independent contractor; sole proprietor; general partner; owner; officer; director; member; or key employee.

Principal Name		Position
Veteran	1=Non-Veteran; 2=Veteran; 3=Service-Disabled Veteran; 4=Spouse of Veteran; X=Not Disclosed	
Gender	M=Male; F=Female; X=Not Disclosed	
Race (more than 1 may be selected)	1=American Indian or Alaska Native; 2=Asian; 3=Black or African-American; 4=Native Hawaiian or Pacific Islander; 5=White; X=Not Disclosed	
Ethnicity	H=Hispanic or Latino; N=Not Hispanic or Latino; X=Not Disclosed	

Disclosure is voluntary and will have no bearing on the loan forgiveness decision

Documentation – Submit (Page 10)



Paycheck Protection Program Loan Forgiveness Application

OMB Control Number 3245-0407
Expiration Date: 10/31/2020

Documents that Each Borrower Must Submit with its PPP Loan Forgiveness Application

PPP Loan Forgiveness Calculation Form

PPP Schedule A

Payroll: Documentation verifying the eligible cash compensation and non-cash benefit payments from the Covered Period or the Alternative Payroll Covered Period consisting of each of the following:

- a. Bank account statements or third-party payroll service provider reports documenting the amount of cash compensation paid to employees.
- b. Tax forms (or equivalent third-party payroll service provider reports) for the periods that overlap with the Covered Period or the Alternative Payroll Covered Period:
 - i. Payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941); and
 - ii. State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state.
- c. Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to employee health insurance and retirement plans that the Borrower included in the forgiveness amount (PPP Schedule A, lines (6) and (7)).

FTE: Documentation showing (at the election of the Borrower):

- a. the average number of FTE employees on payroll per month employed by the Borrower between February 15, 2019 and June 30, 2019;
- b. the average number of FTE employees on payroll per month employed by the Borrower between January 1, 2020 and February 29, 2020; or
- c. in the case of a seasonal employer, the average number of FTE employees on payroll per month employed by the Borrower between February 15, 2019 and June 30, 2019; between January 1, 2020 and February 29, 2020; or any consecutive twelve-week period between May 1, 2019 and September 15, 2019.

The selected time period must be the same time period selected for purposes of completing PPP Schedule A, line 11. Documents may include payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941) and state quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state. Documents submitted may cover periods longer than the specific time period.

Nonpayroll: Documentation verifying existence of the obligations/services prior to February 15, 2020 and eligible payments from the Covered Period.

- a. Business mortgage interest payments: Copy of lender amortization schedule and receipts or cancelled checks verifying eligible payments from the Covered Period; or lender account statements from February 2020 and the months of the Covered Period through one month after the end of the Covered Period verifying interest amounts and eligible payments.
- b. Business rent or lease payments: Copy of current lease agreement and receipts or cancelled checks verifying eligible payments from the Covered Period; or lessor account statements from February 2020 and from the Covered Period through one month after the end of the Covered Period verifying eligible payments.
- c. Business utility payments: Copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.

Documentation – Maintain (Page 10)

Documents that Each Borrower Must Maintain but is Not Required to Submit

PPP Schedule A Worksheet or its equivalent and the following:

- a. Documentation supporting the listing of each individual employee in PPP Schedule A Worksheet Table 1, including the “Salary/Hourly Wage Reduction” calculation, if necessary.
- b. Documentation supporting the listing of each individual employee in PPP Schedule A Worksheet Table 2; specifically, that each listed employee received during any single pay period in 2019 compensation at an annualized rate of more than \$100,000.
- c. Documentation regarding any employee job offers and refusals, firings for cause, voluntary resignations, and written requests by any employee for reductions in work schedule.
- d. Documentation supporting the PPP Schedule A Worksheet “FTE Reduction Safe Harbor.”

All records relating to the Borrower’s PPP loan, including documentation submitted with its PPP loan application, documentation supporting the Borrower’s certifications as to the necessity of the loan request and its eligibility for a PPP loan, documentation necessary to support the Borrower’s loan forgiveness application, and documentation demonstrating the Borrower’s material compliance with PPP requirements. The Borrower must retain all such documentation in its files for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of SBA, including representatives of its Office of Inspector General, to access such files upon request.

SBA Form 3508 (05/20)

Page 10

Incurring and Paid

- ALTERNATIVE PAYROLL COVERED PERIOD
 - For payroll cost purposes, rather than your 56 days starting on the day you received your loan proceeds, you can opt to have your 56 days start on the first day of your first pay period following the date you received your loan proceeds
 - Applies to weekly and bi-weekly only – not semi-monthly or monthly

Incurring and Paid (continued)

- Recurring item exception provided
 - As long as incurred during covered period and paid on normal due date, will be eligible for forgiveness even if payment is after the covered period ends
 - Does this allow for more than 8 weeks/56 days?
 - Some are saying yes – we are not so sure

Schedule A Worksheets (Page 9)

Has 3 sections:

- Table 1 for employees who were paid in the 8 weeks and made less than \$100K annualized in 2019,
- Table 2 for employees who were paid in the 8 weeks and made more than \$100K annualized in 2019,
- FTE Reduction Safe Harbor Calculation

Schedule A Worksheet – Table 1 (Page 9)

PPP Schedule A Worksheet

Table 1: List employees who:

- Were **employed** by the Borrower **at any point** during the **Covered Period** or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received **compensation** from the Borrower at an **annualized rate of less than or equal to \$100,000** for all pay periods in 2019 or were not employed by the Borrower at any point in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
FTE Reduction Exceptions:				
Totals:		Box 1	Box 2	Box 3

Completing Table 1

- What is included on Table 1?
 - Employee Name
 - Employee Identifier (Last 4 of SSN)
 - Cash Compensation
 - Average FTE
 - FTE Reduction Exception
 - Salary/Hourly Wage Reduction

Schedule A Worksheet – Table 1 (Page 9)

PPP Schedule A Worksheet

Table 1: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of less than or equal to \$100,000 for all pay periods in 2019 or were not employed by the Borrower at any point in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
FTE Reduction Exceptions:				
Totals:		Box 1	Box 2	Box 3

Cash Compensation

- Gross Salary, Wages, Tips, Commissions
- Paid leave excluding FFCRA Leave
- Allowance for Dismissal or Separation
- Max of \$15,385

Schedule A Worksheet – Table 1 (Page 9)

PPP Schedule A Worksheet

Table 1: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of less than or equal to \$100,000 for all pay periods in 2019 or were not employed by the Borrower at any point in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
FTE Reduction Exceptions:				
Totals:		Box 1	Box 2	Box 3



Average FTE

- Avg # of hours paid per week
- Divide by 40
- Round to the nearest tenth
- Capped at 1.0
- Simplified Method –
 - 40 or more = 1.0
 - Less than 40 = 0.5
- Several exceptions apply

Schedule A Worksheet – Table 1 (Page 9)

PPP Schedule A Worksheet

Table 1: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of less than or equal to \$100,000 for all pay periods in 2019 or were not employed by the Borrower at any point in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
FTE Reduction Exceptions:				
Totals:		Box 1	Box 2	Box 3

FTE Reduction Exceptions

The following situations occurring in the 8-week period will not reduce your FTE count:

- Made a good-faith, written offer to rehire and employee declined
- Fired for Cause
- Voluntarily Resigned
- Voluntarily Reduce Hours

BUT ONLY IF NOT REPLACED BY ANOTHER EMPLOYEE

FTE Reduction Safe Harbor (Page 9) – Re-hire Provision

FTE Reduction Safe Harbor:

- Step 1. Enter the borrower's total average FTE between February 15, 2020 and April 26, 2020. Follow the same method that was used to calculate Average FTE in the PPP Schedule A Worksheet Tables. Sum across all employees and enter: _____.
- Step 2. Enter the borrower's total FTE in the Borrower's pay period inclusive of February 15, 2020. Follow the same method that was used in step 1: _____.
- Step 3. If the entry for step 2 is greater than step 1, proceed to step 4. Otherwise, the FTE Reduction Safe Harbor is not applicable and the Borrower must complete line 13 of PPP Schedule A by dividing line 12 by line 11 of that schedule.
- Step 4. Enter the borrower's total FTE as of June 30, 2020: _____.
- Step 5. If the entry for step 4 is greater than or equal to step 2, enter 1.0 on line 13 of PPP Schedule A; the FTE Reduction Safe Harbor has been satisfied. Otherwise, the FTE Reduction Safe Harbor does not apply and the Borrower must complete line 13 of PPP Schedule A by dividing line 12 by line 11 of that schedule.

FTE Reduction Safe Harbor (Page 9) – Re-hire Provision

Step 1	Avg FTE Feb 15 to Apr 26	30	35	30	30
Step 2	Avg FTE Feb 15	30	30	35	35
Step 3	Is Step 2 > Step 1?	NO – Not Eligible	NO – Not Eligible	YES - Eligible	YES – Eligible
Step 4	Total FTE Jun 30			34	35
Step 5	Is Step 4 >= Step 2			Failed	Passed

Schedule A Worksheet – Table 1 (Page 9)

PPP Schedule A Worksheet

Table 1: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of less than or equal to \$100,000 for all pay periods in 2019 or were not employed by the Borrower at any point in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
FTE Reduction Exceptions:				
Totals:		Box 1	Box 2	Box 3



Salary/Hourly Wage Reduction

Applies only if ALL the following occur:

- Employee is included in Table 1
 - Paid in applicable 8-week period AND
 - Made \leq \$100,000 in 2019 (as defined)
- Employee's rate of pay was reduced by more than 25% in the applicable 8-week period
- Salary and Wage Safe Harbor does NOT apply – i.e. the re-hire provision

Salary/Hourly Wage Reduction Safe Harbor

Determine employee's average annual salary or hourly wage for the following periods:

A - As of Feb 15, 2020

B - From Feb 15, 2020 through Apr 26, 2020

C - As of Jun 30, 2020

If $A \leq B$, stop – this employee is not eligible

If $A > B$, compare A to C

If $C \geq A$, safe harbor applies, no reduction in forgiveness

If $C < A$, safe harbor does not apply

Hourly Wage Reduction Calculation - Example

	First Quarter				
Hourly Wage	\$20	\$20	\$15	\$12	\$10
Avg Hours Worked per Pay Period	30	35	35	35	20
75% Min Hourly Rate Required	\$15	\$15	\$15	\$15	\$15
Over/(Short)		\$5	\$-	(\$3)	(\$5)
8 week reduction		N/A	N/A	(\$720)	(\$1,200)

Salary Wage Reduction Calculation - Example

	First Quarter				
Total Compensation	\$13,000	\$8,000	\$6,000	\$4,000	\$2,000
Weeks Worked	13	8	8	8	4
Weekly Salary	\$1,000	\$1,000	\$750	\$500	\$500
75% Min Weekly Salary	\$750	\$750	\$750	\$750	\$750
Over/(Short)		\$250	\$0	(\$250)	(\$250)
8 week reduction		N/A	N/A	(\$2,000)	(\$2,000)

Schedule A Worksheet – Table 2 (Page 9)

Table 2: List employees who:

- Were **employed** by the Borrower **at any point** during the **Covered Period** or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received **compensation** from the Borrower at an **annualized rate of more than \$100,000** for any pay period in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE
Totals:		Box 4	Box 5

Completing Table 2

- What is included on Table 2?
 - Employee Name
 - Employee Identifier (Last 4 of SSN)
 - Cash Compensation
 - Average FTE
- What is not included on Table 2?
 - Salary/Hourly Wage Reduction
 - FTE Reduction Exception

Schedule A Worksheet – Table 2 (Page 9)

Table 1: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of less than or equal to \$100,000 for all pay periods in 2019 or were not employed by the Borrower at any point in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
FTE Reduction Exceptions:				
Totals:		Box 1	Box 2	Box 3

Table 2: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of more than \$100,000 for any pay period in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE
Totals:		Box 4	Box 5

Table 3 (Sort of)

- There is no formal Table 3
- Owners are not included in Table 1 or Table 2
- Required to list owners if more than 1

PPP Schedule A (Page 6)



Paycheck Protection Program Loan Forgiveness Application

OMB Control Number 3245-0407
Expiration Date: 10/31/2020

PPP Schedule A



PPP Schedule A Worksheet, Table 1 Totals

- Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1: _____
- Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1: _____
- Line 3. Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1:
If the average annual salary or hourly wage for each employee listed on the PPP
Schedule A Worksheet, Table 1 during the Covered Period or the Alternative Payroll
Covered Period was at least 75% of such employee's average annual salary or hourly
wage between January 1, 2020 and March 31, 2020, check here and enter 0 on line
3. _____



PPP Schedule A Worksheet, Table 2 Totals

- Line 4. Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2: _____
- Line 5. Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2: _____



Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period

- Line 6. Total amount paid by Borrower for employer contributions for employee health insurance: _____
- Line 7. Total amount paid by Borrower for employer contributions to employee retirement plans: _____
- Line 8. Total amount paid by Borrower for employer state and local taxes assessed on employee compensation: _____

PPP Schedule A (Page 6) (continued)



Compensation to Owners

Line 9. Total amount paid to owner-employees/self-employed individual/general partners: _____
This amount may not be included in PPP Schedule A Worksheet, Table 1 or 2. If there is more than one individual included, attach a separate table that lists the names of and payments to each.



Total Payroll Costs

Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9): _____



Full-Time Equivalency (FTE) Reduction Calculation

If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check here , skip lines 11 and 12 and enter 1.0 on line 13.

Line 11. Average FTE during the Borrower's chosen reference period: _____

Line 12. Total Average FTE (add lines 2 and 5): _____

Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met: _____

Completing PPP Schedule A

- Lines 1 – 5 – Enter Amounts from Sch A Worksheet
- Line 6 – Employer Portion of Health Ins
 - Includes employer contributions to self-insured plan
- Line 7 – Employer Contribution to Retirement Plan
- Line 8 - Employer Payment of State and Local Taxes

Completing PPP Schedule A (continued)

Line 9 – Owner Compensation

- Does this include S corps and C corps?
- Appears that Line 6-8 should exclude owners
- Limited to lower of:
 - \$15,385
 - OR**
 - 8-week equivalent of applicable compensation in 2019

Completing PPP Schedule A (continued)

- Line 10 – Math
- In Between Line 10 and Line 11 – Additional FTE Safe Harbor (might save some calculations)
- Line 11 – FTEs from either 2/15/19 to 6/30/19 or 1/1/20 – 2/29/20
- Line 12 – Math
- Line 13 – Math OR 1.0 if Safe Harbor is met

PPP Loan Forgiveness Calculation Form (Page 3)



**Paycheck Protection Program
Loan Forgiveness Application**

OMB Control Number 3245-0407
Expiration Date: 10/31/2020

PPP Loan Forgiveness Calculation Form

Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
Business Address		Business TIN (EIN, SSN)	Business Phone
			() -
		Primary Contact	E-mail Address

SBA PPP Loan Number: _____ Lender PPP Loan Number: _____

PPP Loan Amount: _____ PPP Loan Disbursement Date: _____

Employees at Time of Loan Application: _____

Employees at Time of Forgiveness Application: _____

EIDL Advance Amount: _____ EIDL Application Number: _____

Payroll Schedule: The frequency with which payroll is paid to employees is:

Weekly Biweekly (every other week) Twice a month Monthly Other _____

Covered Period: _____ to _____

Alternative Payroll Covered Period, if applicable: _____ to _____

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:

Completing PPP Loan Forgiveness Calculation Form

- Top Half of Page – Name, Address, Loan Numbers, etc.
- Employees at Time of Forgiveness Application –
 - Total Number of Employees – Not FTE
 - Not sure why they need this information?
- EIDL Advance – will be deducted from forgiveness
- \$2,000,000 Safe Harbor – need to understand affiliates

Completing PPP Loan Forgiveness Calculation Form

BORROWERS:	A	B	C
FORD	\$2,500,000	\$1,000,000	\$750,000
CHEVROLET	\$1,250,000	\$1,000,000	\$750,000
USED CAR LOT	\$150,000	\$150,000	\$150,000
BODY SHOP	\$200,000	\$150,000	\$150,000
TOTAL	\$4,100,000	\$2,300,000	\$1,800,000

Who needs to check the box:

A – FORD, USED CAR LOT and BODY SHOP

B – USED CAR LOT and BODY SHOP

C – Nobody



PPP Loan Forgiveness Calculation Form (Page 3)(continued)

Forgiveness Amount Calculation:



Payroll and Nonpayroll Costs

Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10):

Line 2. Business Mortgage Interest Payments:

Line 3. Business Rent or Lease Payments:

Line 4. Business Utility Payments:



Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions

Line 5. Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 3):

Line 6. Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5:

Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13):



Potential Forgiveness Amounts

Line 8. Modified Total (multiply line 6 by line 7):

Line 9. PPP Loan Amount:

Line 10. Payroll Cost 75% Requirement (divide line 1 by 0.75):



Forgiveness Amount

Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10):

Completing PPP Loan Forgiveness Calculation Form (continued)

- Line 1, 5, 7 – Comes from Schedule A
- Line 2 – Business Mortgage Interest Payments
 - No new guidance provided
- Line 3 – Business Rent or Lease Payments
 - Real or Personal Property
- Line 4 – Business Utility Payments
 - No new guidance provided
- Line 6, 8, 10, 11 – Math
- Line 9 – PPP Loan Amount

Completing Loan Forgiveness Application (Page 4)

- Need to review, initial and sign various certifications
- Similar to certifications made when applying



Paycheck Protection Program Loan Forgiveness Application

OMB Control Number 3245-0407
Expiration Date: 10/31/2020

By Signing Below, You Make the Following Representations and Certifications on Behalf of the Borrower:

The authorized representative of the Borrower certifies to all of the below by **initialing** next to each one.

- _____ The dollar amount for which forgiveness is requested:
- was used to pay costs that are eligible for forgiveness (payroll costs to retain employees; business mortgage interest payments; business rent or lease payments; or business utility payments);
 - includes all applicable reductions due to decreases in the number of full-time equivalent employees and salary/hourly wage reductions;
 - does not include nonpayroll costs in excess of 25% of the amount requested; and
 - does not exceed eight weeks' worth of 2019 compensation for any owner-employee or self-employed individual/general partner, capped at \$15,385 per individual.

_____ I understand that if the funds were knowingly used for unauthorized purposes, the federal government may pursue recovery of loan amounts and/or civil or criminal fraud charges.

This is only part of Pg 4 – it is a full page in length



Questions Answered

- Does rent include both real property and personal property?
- Are there any recurring item exceptions to the “incurred and paid” concept for costs?
- Does vacation/sick pay count towards \$100,000 per employee limit?
- In what order and to what amounts do you apply the various forgiveness reduction rules?
- What is the definition of a Full-Time Equivalent (FTE)?
- Does the “most recent full quarter” mean Q1 2020 for all employees? Or only those that were not furloughed in March?
- For the wage reduction test, is the Q1 2020 wage intended to be pro-rated to the 8-week equivalent?
- For the wage reduction test, how do you handle an employee who does not return for non COVID reasons?

Questions Unanswered

- Does floorplan interest count as “mortgage” interest?
- Is floorplan interest on a car by car basis (Feb 15)?
- The definition of utilities includes “transportation”. What is that?
- Do I have to spend 75% of the total loan proceeds on payroll costs? What happens if I don’t?
- Is it really tax-free income or does the loan generate non-deductible expenses?
- Do the other SBA 7(a) loan allowable costs qualify?
- What amount converts to term loan?
 - Loan Proceeds less Forgiven
 - OR
 - Allowable Costs less Forgiven

New Questions Raised

- Does “owner-employee” include corporate shareholders?
- Do attribution rules apply to owners?
- Are owner benefits forgivable?
- FTE Safe Harbor – As of June 30 vs. Not Later Than June 30
- Incurred OR Paid – More than 8 weeks?
- Restrictions on FTE or Wage After 8 weeks? After June 30?
- Future changes?

Excel Workbook - Upgrades

- Application requires a lot of data from a lot of different time periods
- Added printable SBA Forms and Tables
- Added option to elect Alternative Payroll Covered Period
- Added input for general info needed for SBA Forms
- Step 1-
 - Added info needed for both FTE Safe Harbor Calcs
 - Revised FTE Inputs to be 40 hours
 - Revised FTE Inputs to use 0.5 FTE simplified method

Excel Workbook – Upgrades (continued)

- Step 2 –
 - Revised Q1 2020 input to gather data needed for safe harbor questions and salary/hourly wage reduction tests
 - Added additional employee questions needed to determine owners and eligibility for safe harbors and exceptions
 - Removed columns and data that are no longer needed
- Step 3 –
 - All covered period employee comp moved to Step 3. Enter actual for completed periods and projected for upcoming periods

Excel Workbook Case Study

Coronavirus (COVID-19) News & Resource Center

Visit our News and Resource Center for the latest articles and regulatory updates related to COVID-19. We are committed to helping you stay informed with updates and guidance.

Have Questions?

Boyer & Ritter has created a COVID-19 task force. This team of professionals is well-informed on the latest information and regulatory updates. We will respond promptly.

[SPEAK TO A BOYER & RITTER PROFESSIONAL](#)

[VIEW RESOURCE CENTER](#)

[View and Download our PPP Loan Forgiveness Workbook »](#)



Questions?



Daniel P. Thompson, CPA
dthompson@cpabr.com



Jay A. Goldman, CPA
jgoldman@cpabr.com

Thank You



www.cpabr.com

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