



# **PPP Loan Forgiveness: The Application**

**Presented by Boyum Barenscheer's  
Covid-19 Team  
May 19, 2020**

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# Stacy Shaw

*CPA, MBA*

## **Business Advisory/Client Accounting Services Partner**

### **Education**

- B.A., Accounting – University of MN-Carlson School of Management
- MBA, Accounting – Metropolitan State University

### **Accreditation**

- Certified Public Accountant

### **Professional Memberships**

- American Institute of Certified Public Accountants (AICPA)
- MN Society of Certified Public Accountants (MNCPA)
- Association of Women Contractors (AWC)
- Minnesota Chamber of Commerce

Stacy Shaw joined Boyum Barenscheer directly from college and has continually grown within the firm. As a catalyst in BB's Business Advisory Services and Client Accounting Services areas, she works with clients in all aspects of their businesses. She enjoys the direct client contact as she is involved in consulting and planning. Within the firm, Stacy is an ardent leader in training and mentoring fellow accountants. Her favorite part about working at BB is the people, and this is evident as she is all about sharing her knowledge and experience.

Stacy is currently serving on the finance committee of the Association of Women Contractors, an active member of the MN Society of CPAs, a volunteer at her daughters' school and works on various committees at her church. Stacy lives in Lakeville, Minnesota with her husband, Nathan and daughters, Cora and Ivy. Her leisure time is spent with family and friends drag racing (yes, she does race herself), camping, hiking, biking, and skiing.

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# Christopher Wittich

*CPA, MBT*

Chris Wittich came to Boyum Baren Scheer in 2007 and quickly made his mark in the firm's tax department. He works with individuals, businesses, trusts, estates, and expats providing tax planning and tax compliance services. Chris enjoys challenging research projects and training others in all things tax.

His passion for educating others is evident as he is the firm's top website blogger. He has been a tax season volunteer with Prepare Prosper every year since 2001 when he was in 10<sup>th</sup> grade.

Chris is a proud AICPA Leadership Academy graduate and MNCPA Tax Conference chair. He has spoken at the AICPA Engage Conference and MNCPA Tax Conferences. In 2019, he began serving on the AICPA's Tax Practice Management Committee and on the AICPA's task force to revise the Statements on Standards for Tax Services.

Chris grew up in Eden Prairie, Minnesota but now lives in Eagan with his wife Brittany and cat Cornelius. In his spare time, Chris is busy playing golf or Ultimate Frisbee. His nickname, Ravenous Tiger, dates back to his days in drumline from high school.

## Tax Partner

### Education

- Bachelor of Accounting, University of MN – Carlson School of Management
- Masters of Business Taxation, University of MN – Carlson School of Management

### Accreditation

- Certified Public Accountant

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# Randy Feld

*CPA, ABV*

Randy joined Boyum Barenseher in 1991. He works with clients on maximizing their business value, valuation, succession, forecasting, business planning and auditing. His passion is working with business owners and management teams to leverage the use of their financial statements to help them gain insights into their business to ultimately become more profitable, reduce income taxes, create more value inside and outside their business and to help plan for the future. Randy's primary focuses are on serving contractors and manufacturers. Randy enjoys assisting with all aspects of his clients' organizations by teaching and helping them to grow. He prides himself in understanding our clients' business and having a deep understanding of their industries. He values the great client relationships he has developed over the years and is a lifelong learner.

Randy and his wife, Karen, live in Eagan. They have two adult children that live in Minnesota.

## Audit Partner

### Education

- B.A., Concordia University – St. Paul

### Accreditation

- Certified Public Accountant
- Accredited in Business Valuation

### Professional Memberships

- American Institute of Certified Public Accountants (AICPA)
- MN Society of Certified Public Accountants (MNCPA)
- Construction Industry CPAs/Consultants Assoc (CICPAC)
- Association of General Contractors (AGC)
- Manufacturers Alliance

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# Barb Sawdy

*CPA, CGMA*

Barb Sawdy came to Boyum Baren Scheer over 10 years ago with 15+ years of business, controller, and accounting experience. She has evolved into the firm's leader in complex sales tax, payroll, and accounting software issues. She also plays a vital role in the firm's Business Advisory Services department with training and assisting our accountants as they begin their careers. She likes being part of the widely-varied, experienced BB team working with clients and the diversity of businesses they represent. She said working at BB feels like family.

Barb is a member of the Burnsville Chapter of Women of Today, a non-profit women's organization. She previously held the Board's Treasurer position.

When not quilting or reading, Barb is spending her extra time with family activities. She loves to travel and while she is an experienced traveler, she hopes to someday take a more extensive European vacation.

Barb and her husband, Bob are the parents of two children and live in Burnsville, Minnesota.

## Business Advisory Services Partner

### Education

- Bachelor of Business Administration, University of WI – Oshkosh

### Accreditation

- Certified Public Accountant
- Chartered Global Management Accountant

### Professional Memberships

- American Institute of Certified Public Accountants (AICPA)
- MN Society of Certified Public Accountants (MNCPA)
- Treasurer, Women of Today – Burnsville Chapter

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# Tiffany Shermak

CPA



## Audit Senior Manager

### Education

- B.S., Accounting, Arizona State University – Tempe, Arizona

### Accreditation

- Certified Public Accountant
- AICPA Intermediate Single Audit Certificate

### Professional Memberships

- American Institute of Certified Public Accountants (AICPA)
- MN Society of Certified Public Accountants (MNCPA)
- Minnesota Multi Housing Association (MMHA)

Tiffany Shermak joined Boyum Barencheer in 2014. Her background includes public accounting at a Big Four global firm, local firms and accounting and controller roles in industry. It is through her varied background that Tiffany enjoys and is able to meet her clients' needs. Tiffany's primary focus is servicing affordable housing and nonprofit clients, particularly in the regulatory environments, including HUD and Rural Development. As a volunteer, Tiffany serves the Bloomington School District in a variety of roles, one of which is serving on the District's Community Financial Advisory Committee.

She is also a Board member of the Education Foundation of Bloomington, has served as Treasurer for the Bloomington Fastpitch Association and is involved with her church.

When not at the office or volunteering, Tiffany enjoys traveling with her family and spending time at her children's activities. There also might be a time or two that she ventures onto the volleyball court, hits the trails for a run or dives into the pool for some laps to stay active!

Tiffany and her husband Bill live in Bloomington with their three children.

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# Larry Davidson

CPA

## Audit Senior Manager

### Education

- Bachelor of Science/Accounting, Northern Illinois University, DeKalb, IL

### Accreditation

- Certified Public Accountant

### Professional Memberships

- American Institute of Certified Public Accountants (AICPA)
- MN Society of Certified Public Accountants (MNCPA)
- Construction Financial Management Association (CFMA)
- Minnesota Multi Housing Association (MMHA)

Larry Davidson joined Boyum Barenscbeer in January 2017, bringing with him over 20 years of experience in public accounting. Larry's audit experience has a concentration in HUD and other affordable housing projects with clients. He also has several years' experience as a Controller for a large construction company in St. Paul, which provides him unique insight into his HUD, real estate and other construction audit clients.

Outside the office Larry volunteers his time with his children's St. Paul schools and loves traveling and spending time with his family. A native of the Chicagoland area, he plans many trips to Chicago annually to visit with close family and friends.

Larry and his wife Siiri live in St. Paul with their two children.

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# Nick Swedberg

*CPA, QuickBooks Advanced ProAdvisor*

## Business Advisory Services Partner Specializing in Restaurants & Breweries

### Education

- Bachelor of Science/Accounting, Minnesota State University, Moorhead

### •Accreditation

- Certified Public Accountant
- Certified Advanced QuickBooks ProAdvisor

### Professional Memberships

- American Institute of Certified Public Accountants (AICPA)
- MN Society of Certified Public Accountants (MNCPA)

In the time since Nick Swedberg joined Boyum Baren Scheer in 2008, he has become a firm leader in our Business Advisory Services area. His tax planning and preparation work along with CFO services for clients led him to this role. Being a sought-after Certified Advanced QuickBooks ProAdvisor brings added value to the services he provides when working with small businesses to streamline their accounting processes. Clients reach out to Nick for his patient assistance and support when needed. A significant portion of Nick's client service work is in the [restaurant and brewery industries](#).

Nick enjoys downhill skiing, camping, tennis and improving his status as an amateur handyman. He loves to cook and says he would have been a chef if the hours weren't so awful – we may still see him on “Chopped” one day! A beer aficionado, Nick is proud of his growing growler collection. Thirty-six and counting. Nick and his wife, Stephanie, live in Burnsville with their twin boys and daughter.

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# Agenda

- Housekeeping Items
- PPP Loan Forgiveness Application Overview
- 8-week Covered Period or Alternative Covered Period
- Payroll Costs
- Non-Payroll Costs
- Wage Reduction Limitation
- FTE Reduction Limitation
- 75% Payroll Cost Limitation
- Documentation Required
- Closing Thoughts with Q&A

# PPP Application Overview

- Must Submit Application to your Lender
  - 11 pages of forms and step-by-step instructions
- Loan Forgiveness Calculation Form
- PPP Schedule A
  - Schedule A worksheet
    - Table 1 and Table 2
- Representations & Certifications Page
- Optional PPP Borrower Demographic Info
- SBA will soon issue more regulations and guidance for borrowers and lenders

# PPP Application Overview

- Data to include on the application:
  - Business legal name, EIN/SSN, address, phone, primary contact and E-mail address (same as on application)
  - SBA and Lender PPP loan number
  - PPP loan amount
  - Employees at time of loan application and at time of forgiveness application
  - PPP loan disbursement date
  - EIDL advance amount
  - EIDL application number
  - Payroll schedule
  - Covered or alternative covered period
  - Check the box if received in excess of \$2 Million



# PPP Loan Forgiveness Calculation Form

- <https://home.treasury.gov/system/files/136/3245-0407-SBA-Form-3508-PPP-Forgiveness-Application.pdf>

## 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:

### 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): \_\_\_\_\_

# 8-Week Covered Period Can Change

- Original Covered Period (8-weeks)
  - First day must be the same as the PPP Loan Disbursement Date
    - Received proceeds in your bank account in Monday, April 20
    - First day is April 20 and the last day is Sunday, June 14
- Alternative Payroll Covered Period
  - For those with bi-weekly (or more frequent) payroll schedule
  - Elect to start 8-week period beginning with the first day of first payroll period following PPP Loan Disbursement
    - Received proceeds in your bank account Monday, April 20
    - First day of first pay period after the loan disbursement is Sunday, April 26
    - First day of the alternative covered period is April 26 and the last day is Saturday, June 20
  - If using this, you **MUST** apply this to everywhere the application addresses alternative payroll covered period and the covered period anywhere the application references covered period

# Eligible Payroll Costs

- Based on Interim Ruling, costs included:
  - Compensation to employees (who reside in the United States) as salary, wages, commissions or similar compensation (tips or equivalent)
  - Payment for vacation, parental, family, medical or sick leave
  - Allowance for separation or dismissal
  - Payment for employee benefits of group health care costs and retirement
  - Payment of state and local taxes – this is the state unemployment or state disability charged to the employer, not the income taxes withheld by the employee
- EXCLUDED Payroll Costs
  - Compensation of employees who live outside of the United States
  - Compensation to an individual employees in excess of an annual salary of \$100K, that means the maximum you can enter is \$15,385 for a single person
  - Qualified sick and family leave wages you received a credit for under the Families First Act

# Eligible Payroll Costs

- Costs paid OR incurred during the 8-week covered period (CP)
- Considered paid on the day paychecks are distributed or origination of ACH
- Considered incurred on the day the employee's pay is earned
- If incurred and not paid by end of CP, eligible if paid on or before the next regular payroll date. Otherwise, must be paid during CP.
- Each employee's eligible compensation may not exceed an annual salary of \$100K
  - Maximum amount during CP per employee is \$15,385
- Count payroll costs both paid and incurred only one time
- For owner-employee or self-employed: CANNOT exceed 8-weeks of 2019 compensation (this is in the certifications)



# Payroll Costs

PPP Schedule A used to calculate total payroll costs (Lines 1 – 5 uses Tables 1 & 2 to calculate costs)

Table 1 – Employees who made less than \$100k annualized for all pay periods in 2019

- Employee's name (do not include owners, independent contractors, self-employed individuals or partners)
- Employee's last four digits of SSN or ITIN
- Cash compensation
- FTE count for that person – value between .1 and 1.0
- Salary/Hourly Wage reduction - this is very complex but it should rarely apply and employers can avoid it by paying the same rate as they did in Q1, one goal of every employer should be to not have this limitation apply, it's within the employer's control to pay enough to avoid this
- There are reduction exceptions and safe harbor

# Payroll Costs

## 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.

Schedule A

**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
<b>FTE Reduction Exceptions:</b>				
<b>Totals:</b>		<b>Box 1</b>	<b>Box 2</b>	<b>Box 3</b>

Sch A Worksheet Table 1

# Payroll Costs

## PPP Schedule A

Table 2 – employees who made more than \$100k annualized for any one pay period in 2019

- Employee's name (do not include owners, independent contractors, self-employed individuals or partners)
- Employee's last four digits of SSN or ITIN
- Cash compensation
- FTE count for that person – value between .1 and 1.0
- Note that the wage reduction does not apply at all on Table 2
- There are reduction exceptions and safe harbor

# Payroll Costs

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:

Schedule A

**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
<b>Totals:</b>		<b>Box 4</b>	<b>Box 5</b>

Sch A Worksheet Table 2

Attach additional tables if additional rows are needed.

# Payroll Costs

## PPP Schedule A Lines 6 – 9

- Line 6 – Employer contributions for group health insurance, excluding any pre-tax or after-tax contributions by employees
- Line 7 – Employer contributions to retirement plans, excluding any pre-tax or after-tax contributions by employees
- Line 8 – Employer paid state and local taxes (state unemployment insurance, not fees)
  - Do NOT include any taxes withheld from employees
- Line 9 – Enter amounts paid to owners (owner-employee, self-employed, general partners).
  - Capped at \$15,385 or the 8-week equivalent of their applicable compensation in 2019, whichever is lower
  - If more than one, include a separate table.

# Payroll Costs - FTE

FTE has a new definition

1. Full time is deemed to be 40 hours per week
2. Take hours and divide by 40 to get the FTE, rounded to the nearest 10<sup>th</sup>
  - a) 8 hours per week would be .2 FTE
  - b) 60 hours per week would be just 1.0 FTE
3. Simplified method is permitted which allows 1.0 FTE for all individuals 40+ hours per week and .5 FTE for everyone not full time
  - a) 8 hours per week would be .5 FTE
  - b) 60 hours per week would be just 1.0 FTE
  - c) 32 hours per week also .5 FTE
4. Consistent method of hours to the nearest tenth or the simplified method must be used across all the measurement periods
5. Safe harbor is still in place

# Non-Payroll Costs

These costs cannot exceed 25% of the total forgiveness amount and will be input onto the Forgiveness Calculation Form:

Line 2 – Mortgage interest payment during CP if obligation was incurred before February 15, 2020 (do not include prepayments).

Line 3 – Business rent or lease payments for real or personal property during the CP if a lease agreement was in place before February 15, 2020

Line 4 – Business utility payments for electricity, gas, water, transportation, telephone or internet access during the CP if service began before February 15, 2020

- Be sure to pay on or before the next billing date, even if it is after the CP.

Note – you are not required to report payments you do not want included in the forgiveness amount. This is key to make sure you stay within the 75%/25% rule.

Note – there is nothing stated about paying an invoice from before your CP, the service or agreement just must have been in place before February 15, 2020. So paying your past due rent should qualify as an example.

# Wage Reduction Limitation

Line 5 of application and Line 3 on Schedule A Worksheet Table 1

- Determine if loan forgiveness must be reduced if a reduction in employee salary and wages occurs
- Compare employees pay from January 1, 2020 – March 31, 2020
- If restored wages to what they made, you may be eligible for elimination of the wage reduction amount.
- The worksheet must be completed to determine if you need to reduce the loan forgiveness amount only for employees who had a reduction of more than 25%.
- Be SURE to avoid this.
- Note: If an employee made more than \$1,923 in any one single week of 2019, that employee is not considered for this limitation.
  - Employee paid \$1k per week and then receives a \$1k bonus at year end \$53k of total compensation for the employee, but since one week exceeded \$1,923, they are not considered for this limitation, meaning they could in theory have their 2020 salary reduced during the covered period.



# FTE Reduction Limitation

On the application – disclosing employees at the time of the loan application and at time of forgiveness application. Presumably use the new FTE calculation for this disclosure.

Line 7 on Application and lines 11-13 on PPP Schedule A Worksheet.

FTE Reduction Safe Harbor and Exceptions:

A. Safe Harbor exemption from reduction in FTE -

Both conditions must be met:

1. Reduced FTE count from February 15, 2020 to April 26, 2020
2. Restore FTE by no later than June 30, 2020

B. FTE Reduction Exceptions (must be during 8-week CP or APCP) -

1. Written offer to rehire employee was rejected by employee
2. Fired for cause, voluntarily resigned, or voluntarily requested & got hours reduction.

# 75% Payroll Cost Limitation

## Line 10 of the Loan Forgiveness Application

- You will have done the adjustments for FTE and salary/wage reduction first.
- From the amount of the loan proceeds you used on payroll and other costs (even if it is not the full amount):
  - Make sure 75% or more is spent on payroll costs
  - Only up to 25% is spent on non-payroll costs
    - If more is spent on non-payroll costs, be sure to NOT submit them
    - Examples:

<b>350,000</b>	<b>Amount of PPP Loan</b>
315,000	Amount Used
236,250	75% of Amount Used
78,750	25% of Amount Used

<b>315,000</b>	<b>Amount Used</b>
216,000	Amount Used on Payroll
72,000	Limited on 25% Used
27,000	Amount not forgiven

# Documentation Required to Submit

- PPP Loan Forgiveness Calculation Form
- PPP Schedule A
- Payroll
  - Bank account statements or third-party payroll service provider reports documenting cash compensation paid to employees.
  - Tax forms (or equivalent third-party payroll service provider reports) for the periods that overlap with the CP.
    - Payroll tax filings reported (or will be reported) to the IRS, typically Form 941 and
    - State quarterly business and individual employee payroll wage reporting and unemployment insurance tax filings reported (or will be reported) to the state.
  - Payment receipts, cancelled checks, or account statements showing employer contributions to employer health insurance and retirement plans included in the forgiveness amount.

# Documentation Required to Submit

- FTE documentation (election period of the Borrower):
  - Average number of FTE employees on payroll per month between February 15, 2019 and June 20, 2019 or
  - Average number of FTE employees on payroll per month between January 1, 2020 and February 29, 2020 or
  - For seasonal employers, the average number of FTE employees on payroll per month employed between February 15, 2019 and June 20, 2019, January 1, 2020 and February 29, 2020 or any consecutive 12-week period between May 1, 2019 and September 15, 2019.
- The selected time period must be the same period used for 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 wage reporting and unemployment tax filings reported (or that will be reported) to the state.

# Documentation Required to Submit

- Non-payroll costs
  - Documentation verifying existence of obligation/services prior to February 15, 2020
  - Business mortgage interest payments
    - Copy of lender amortization schedule and receipts of cancelled checks verifying eligible payments made during CP or a lender account statement from February 2020 and the months of the CP through one month after the CP verifying the amounts of interest paid.
  - Business rent or lease payments
    - Copy of current lease agreement and receipts of canceled checks verifying the payments during the CP or lessor account statements from February 2020 and the months of the CP through one month after the CP verifying the amounts of rent paid.
  - Business utility payments
    - Copy of invoices from February 2020 and those paid during the CP and receipts, cancelled checks, or account statements verifying the eligible payments.

# Documentation Not Required to be Submitted but to be Maintained

- PPP Schedule Worksheet A or its equivalent along with:
  - Documentation supporting the listing of each individual employee in Table 1, including the "salary/wage reduction" calculation, if necessary
  - Documentation supporting the listing of each individual employee in Table 2, specifically supporting they received more than an annualized \$100K in 2019
  - Documentation supporting any employee job offers and refusals, firings for cause, voluntary resignations, and written requests from employees on reductions in their work schedule
  - Documentation supporting the FTE Reduction Safe Harbor
- All other records relating to the PPP loan application, certifications, eligibility, loan forgiveness and compliance with the PPP requirements.
- Retain ALL documentation for SIX years after the date the loan is forgiven or repaid.
- Permit authorized SBA representatives and representatives of the Office of the Inspector General to access these files on request.

# Closing Thoughts

Quick review of the rule changes from this weekend:

1. Alternative Covered Period can be used at the borrower's choice to align with the normal pay period of the business.
2. Owner compensation limited to  $8/52 * 2019$  payroll.
3. Payroll costs can be paid during the CP OR incurred during the CP and paid in the next payroll period.
4. Nonpayroll costs include everything paid or incurred during the CP so the back rent or overdue utilities will count if paid in the CP.
5. FTE definition changed to 40 hours and simplified method allowed for anyone to use.
6. FTE not reduced for employees who decline the position, fired for cause, resigned voluntarily, or reduced hours voluntarily.

# Closing Thoughts

## PPP Loan Balance

- Good news for partnerships and seasonal businesses:
  - If you applied before the guidance came out regarding partner compensation and the loan amount calculation adjustment for seasonal businesses, check with your lender to get the additional amount for the PPP loan
  - This will not change your 8-week period
- What do I do with the amount I do not use or do not get forgiven?
  - It becomes a loan, or you can pay it back with no prepayment penalty
  - 1% interest
  - Amortized over 2 years
  - 6-month payment deferment but interest accrues



# Closing Thoughts

## PPP, EIDL Advance and EIDL Loan

- Many wonder, what do I do now? I got one, two or all three:
  - EIDL Advance is stated in the application: if applicable, SBA will reduce the loan forgiveness amount
  - If you got the PPP and EIDL Loan, you need to use them for different purposes during the 8-week period
  - If you did not already apply for the EIDL, it is currently only being offered to U.S. agricultural businesses
  - Track these in separate bank accounts. To ease burden at end, we suggest tracking weekly and doing reimbursements as you go along.
  - If you did apply and still have not heard:
    - 800-659-2955 or [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov)

# Closing Thoughts

Lots of guidance still needed on questions like these:

1. Can the relatives of owners have increased payroll?
2. Does the health insurance and retirement contributions for the owner qualify?
3. When does the APCP start for a business that is closed and not actively running any payroll when the PPP is received?
4. Why do some items say paid while others say paid or incurred?
5. Clarity for Sch C business - does the owner need to take a distribution of cash to be paid the payroll costs? (conflicting guidance on this)
6. Clarity for Sch C business in terms of health insurance and retirement plan contributions.
7. What does transportation cost really mean?
8. What if Sch C applied with their 2018 Sch C, issue with the consistency certification?

# Closing Thoughts

- Congress is working on new bills
- HEROES Act went through the House, it'll be torn up in the Senate, unknown which parts of the 1,800 pages will stick around
- Congress looking to give business a tax deduction for the costs incurred and then forgiven
- Congress looking for ways to ease burden on small business for PPP forgiveness, unknown what that might look like or when it might pass
- Congress looking for flexibility or extension of 8 weeks, especially for a business that was closed by local order

# Q&A with the COVID-19 Boyum Team

This presentation has been recorded and will be posted on our website within 24 hours under our covid-19 tab.

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