

HBE

10 Minute Tuesdays

Webinar Series

July 21, 2020

Paycheck Protection Program (PPP) Updates

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PPP Loan Forgiveness

- Compare 8 week and 24 week covered period filing options
- Some banks accepting applications but waiting to send to SBA
 - SBA back office is not ready to process
- Can file under the 24 week period prior to the 24 week ending on date of PPP loan funding




PPP Loan Forgiveness

- Consider dollars spent in 8 week period
- Consider FTE counts for potential forgiveness reduction
- Consider additional support for payroll and non-payroll costs
- Loans under \$150,000 may receive expedited forgiveness (pending future legislation)

Filing for Forgiveness

- Paycheck Protection Program Loan Forgiveness Application
 - Payroll costs summarized from Sch A
 - Totals and support for mortgage interest, rent, utility payments
 - Calculation of FTE reductions

 **Paycheck Protection Program**
Loan Forgiveness Application Revised June 16, 2020

OMB Control Number 3245-0487
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: ☐

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 60% Requirement (divide line 1 by 0.60): _____

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

SBA Form 3508 (06/20)
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Filing for Forgiveness

- PPP Form 3508EZ
 - Simpler filing allowed for businesses who either:
 - Did not reduce annual salary of any employee more than 25% during the covered period AND did not reduce # of employees and paid hours from January 1, 2020 to the end of the covered period
 - Ignoring reduction that arose from the inability to rehire individuals or employee refusal to work hours
 - Did not reduce annual salary of any employee more than 25% during the covered period AND unable to operate during the covered period due to COVID-19 compliance requirements

Paycheck Protection Program PPP Loan Forgiveness Application Form 3508EZ		OMB Control No. 3245-0407 Expiration date: 10/31/2020
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: _____

Line 2. Business Mortgage Interest Payments: _____

Line 3. Business Rent or Lease Payments: _____

Line 4. Business Utility Payments: _____

Potential Forgiveness Amounts

Line 5. Add the amounts on lines 1, 2, 3, and 4: _____

Line 6. PPP Loan Amount: _____

Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60): _____

Forgiveness Amount

Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7): _____

SBA Form 3508EZ (06/20)
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Items to Gather

- Payroll reports summarizing pay to employees
- Payroll tax filings for the covered period
- Employer benefit statements documenting eligible costs
- Non-payroll documentation
 - Loan statements or amortization schedules
 - Lease agreements
 - Utility payment invoices and statements proving payment

Potential New Legislation?

- Automated forgiveness for loans under \$150,000
- Taxability of PPP forgiveness
 - Proceeds tax-free – but expenses currently not deductible
 - Bipartisan support for allowing expenses to be deducted
 - Contingency group in congress who is sticking to not allow deductions
- PPP Phase 2 – based on revenue declines

Resources

SBA Loan information and forgiveness forms:

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program#section-header-5->

AICPA forgiveness tool:

<https://www.pppforgivenessstool.com/>



Contact Information



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*Mark Your
Calendar!*

Upcoming Sessions

August 4 | Cost Segregation Studies

With special guest Alan Smith, McGuire Sponsel

August 18 | Tax-Loss Harvesting. A proactive approach for volatile markets.

Chris Bedient, CFA, CFP®

Partner, HBE Wealth Management

September 1 | Business Valuations

Mike Kottwitz, CPA, CVA