

# Legislative Minute

## Quick Update

October 2, 2020

# EE SS tax deferral

We now have a solution in place

Please contact us if you are currently deferring your employee's taxes or are interested in setting this up.

# PPP Forgiveness Ask DP

Q: If I spent my loan funds in the 8-week or 24-week covered period or alternative payroll covered period, could I receive forgiveness on both the loan and interest?

A: Yes

Q: If I decide to use the 24 week covered period instead of the 8 week covered period, do I need to let my lender know?

A: No

Q: Is loan forgiveness automatic

A: No

Q: Can I prepay my loan at any time

A: Yes, there is no prepayment penalty

Q: If my company is undergoing a change or ownership, how will that affect my forgiveness?

A: SBA must consent to the change of ownership and/or any assignment of the PPP obligation to a new borrower



# Q: How do I know I qualify for safe harbor #1?

A: The PPP Flexibility Act created a new exemption from the loan forgiveness reduction based on FTE headcount reduction during the covered period. To meet this exemption, a borrower must be able to document in good faith “an inability to return to the same level of business activity as the borrower was operating at before February 15, 2020, due to compliance with requirements established or guidance issued between March 1, 2020 and December 31, 2020 by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention (CDC), or the Occupational Safety and Health Administration related to the maintenance of standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19.”

Many borrowers have closed their business or seen their operational capacity limited because of state or local health orders, not directly because of guidance issued by federal agencies. The new rules clarify that the statutory exemption includes “both direct and indirect compliance” with COVID-19 requirements or guidance issued by federal agencies. The rules recognize that “a significant amount of the reduction in business activity stemming from COVID Requirements or Guidance is the result of state and local government shutdown orders that are based in part on guidance from the three federal agencies.”

The new rules also specify that borrowers seeking to take advantage of the new exemption must maintain copies of applicable COVID-19 guidance or shutdown orders that caused the reduction in business activity and relevant borrower financial records evidencing the reduction. This documentation must be maintained for six years.

Q: How do I know I qualify for safe harbor #2?

A: Did you reduced your FTEs during the period of February 15, 2020 – December 31, 2020?

Did you then restore your FTEs by not later than December 31, 2020 to the same levels in the pay period including 2/15/2020?

Q: If I hire new employees, would I be able to use PPP funds for their payroll expenses

A: Yes

Q: My lender's forgiveness portal isn't open, can I apply directly to the SBA for forgiveness?

A: No, you will have to apply for forgiveness with the same lender you received your PPP funds from

Q: Can I apply for forgiveness before the end of my covered period?

A: Yes – according to SBA, however some banks are requiring that you wait (BOA)

Q: When do I have to apply for forgiveness?

A: You have up to 10 months following your covered period.

Q: If my loan isn't forgiven or only partially forgiven, when will I have to start making payments?

A: You don't have to make any payments until the SBA remits their decision on the forgiveness amount of your loan.

If you don't apply for forgiveness, you will begin to make payments following the 10 months after the covered period. Your bank will contact you with details

Q: When does interest start accruing on PPP funds?

A: Interest began accruing the day the loan was disbursed. Borrowers will be responsible for repaying any accrued interest on loan amounts not forgiven



We are answering your questions live on the air right now.

Please submit questions through the **Q&A function**,  
*not the chat option* at the bottom of your screen.



# *Questions?*

For legislative and regulatory questions, please email:

[questions@dominionpayroll.com](mailto:questions@dominionpayroll.com)





*Don't forget to wash your hands!*

