

PPP Forgiveness Documentation

October 6, 2020

But first.....

Can I use the EZ forgiveness Application?

If you can answer yes to any of the following then you qualify for the EZ application

- Are you self-employed and have no employees; or
- Did not reduce the salaries or wages of your employees by more than 25%, and did not reduce the number of employees or the average paid hours of your employees; or
- Experienced reductions in business activity as a result of health directives related to COVID-19, and did not reduce the salaries or wages of any of your employees by more than 25%.

PPP Forgiveness

Payroll Documentation

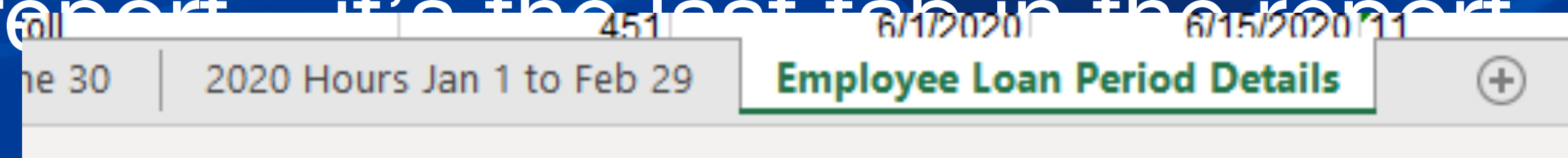
Documentation for PPP loan forgiveness must be maintained for 6 years following the date the loan is forgiven or repaid in full.

Payroll Documentation Required to be Submitted for Forgiveness

Bank account statements or third-party payroll service provider reports documenting the amount of cash compensation paid to employees.

DP clients – this is the CARES PPP Forgiveness Report

- * You will most probably need to submit the excel version of the report.
- * Cash compensation is totaled for each employee on Worksheet table 1 and 2.
- * Cash compensation for each employee is broken down by payroll on the Employee Loan Period Details tab on the forgiveness report – it's the last tab in the report



Payroll Documentation Required to be Submitted for Forgiveness

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

DP Clients – you will find these under reporting
Quarterly Reports on Demand
Q3 reports will be available the 3 week in October

REPORTING
Report Archive
Report Writer
Reports On-Demand
Quarterly Reports On-Demand
Client Reports
My Reports

Payroll Documentation Required to be Submitted for Forgiveness

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)).

DP Clients – even if we are tracking your employer contributions to employee health insurance and retirement, you will still need the above documentation.

PPP Schedule A		
Line1	Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1:	655,966.15
Line2	Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1:	44.90
Line3	Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1:	7,112.38
Line4	Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2:	292,315.00
Line5	Enter Average FTE(Box 5) from PPP Schedule A Worksheet, Table 2:	15.10
Line6	Total amount paid by Borrower for employer contributions for employee health insurance:	57,925.57
Line7	Total amount paid by Borrower for employer contributions to employee retirement plans:	20,718.27
Line8	Total amount paid by Borrower for employer state and local taxes assessed on employee compensation:	1,328.83
Line9	Total amount paid to owner-employees/self-employed individual/general partners:	0.00
Line10	Payroll Costs (add lines 1, 4, 6, 7, 8, and 9):	1,028,253.82
Line11	Average FTE during the Borrower's chosen reference period:	57.70
Line12	Total Average FTE (add lines 2 and 5):	60.00
Line13	FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met:	1.00



Payroll Documentation Required to be Submitted for Forgiveness

Reference Period Documentation

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

- a. the average number of FTE employees on payroll per week employed by the Borrower between February 15, 2019 and June 30, 2019;
- b. the average number of FTE employees on payroll per week employed by the Borrower between January 1, 2020 and February 29, 2020.

DP Clients – The documentation for these reference periods are located on the 2019 Hours Feb 15 to June 30 tab and the 2020 Hours Jan 1 to Feb 29 tab.

2019 Hours Feb 15 to June 30

2020 Hours Jan 1 to Feb 29



Payroll documentation that must be maintained but not required to be submitted:

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.
- e. Documentation supporting the PPP Schedule A Worksheet “FTE Reduction Safe Harbor 2.” – further explained on the next slide

DP Clients – a, b and e are documented on the employee wage details tab on the forgiveness report

Worksheet Table 2

Employee Wage Details

2019 Hours Feb 15 to



Safe Harbor #2 Documentation

This safe harbor exempts borrowers from forgiveness reduction if they meet two criteria:

- (1) the Borrower reduced its FTE employee levels in the period beginning February 15, 2020, and ending April 26, 2020; and
- (2) the Borrower then restored its FTE employee levels by not later than December 31, 2020 to its FTE employee levels in the Borrower's pay period that included February 15, 2020.

So if before the end of the year you're able to bring your FTEs back up to where they were on February 15, 2020, you can qualify for this safe harbor.

This safe harbor is determined by using the PPP Schedule A Worksheet. After determining whether you qualify for the safe harbor, you're not required to submit any additional supporting documentation. But the application does specify that you'll need to keep any supporting documentation that you use to fill out the worksheet. – the DPS report is your supporting documentation



Safe Harbor #1 Documentation

If your business doors were required to be fully or partially shut, a safe harbor applies.

Businesses that weren't able to operate at the same level between February 15, 2020, and the end of the Covered Period because of compliance with guidelines issued between March 1 and December 31 by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration, qualify for the safe harbor.

Applying this safe harbor to your application is simple — you're required to check a box certifying that it's true. But you'll want to keep documents that help support this.

- d. Documentation supporting the certification, if applicable, that the Borrower was unable to operate between February 15, 2020, and the end of the Covered Period at the same level of business activity as 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, or the Occupational Safety and Health Administration, related to the maintenance of standards of sanitation, social distancing, or any other work or customer safety requirement related to COVID-19. This documentation must include copies of the applicable requirements for each borrower location and relevant borrower financial records.



Changes in FTE

Not required to be submitted but must be maintained.

- c. Documentation regarding any employee job offers and refusals, refusals to accept restoration of reductions in hours, firings for cause, voluntary resignations, written requests by any employee for reductions in work schedule, and any inability to hire similarly qualified employees for unfilled positions on or before December 31, 2020.



Non Payroll Expenses Documentation

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.



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





Don't forget to wash your hands!

