

# Live Q&A Session

June 18, 2020



# Borrower Friendly PPP Loan Forgiveness Application Implementing the PPP Flexibility Act

# Full Forgiveness Application and a New EZ version

EZ version of the forgiveness application that applies to borrowers that:

- Are self-employed and have no employees; OR
- Did not reduce the salaries or wages of their employees by more than 25%, and did not reduce the number or hours of their 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 their employees by more than 25%.

# New/Old Covered Period

**Covered Period:** The Covered Period is either (1) the 24-week (168-day) period beginning on the PPP Loan Disbursement Date, or (2) if the Borrower received its PPP loan before June 5, 2020, the Borrower may elect to use an eight-week (56-day) Covered Period. For example, if the Borrower is using a 24-week Covered Period and received its PPP loan proceeds on Monday, April 20, the first day of the Covered Period is April 20 and the last day of the Covered Period is Sunday, October 4. In no event may the Covered Period extend beyond December 31, 2020.

Borrowers with loans that are disbursed after July 16 will not have the whole 24 weeks to use funds



# Disbursement Date

**PPP Loan Disbursement Date:** Enter the date that you received the PPP loan proceeds from the Lender. If loan proceeds were received on more than one date, enter the first date on which you received PPP loan proceeds.

# Cash Compensation

**Cash Compensation:** Enter the sum of gross salary, gross wages, gross tips, gross commissions, paid leave (vacation, family, medical or sick leave, not including leave covered by the Families First Coronavirus Response Act), and allowances for dismissal or separation paid or incurred during the Covered Period or the Alternative Payroll Covered Period. For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period. For an 8-week Covered Period, that total is \$15,385. For a 24-week Covered Period, that total is \$46,154.

# Full Forgiveness Application offers two FTE Reduction Safe Harbors

## Safe Harbor #1

**FTE Reduction Safe Harbor 1:** If you were 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 for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19, check here ☐.



# Safe Harbor #2

## **FTE Reduction Safe Harbor 2:**

- 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, FTE Reduction Safe Harbor 2 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 the earlier of December 31, 2020, and the date this application is submitted: \_\_\_\_\_.
- 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 2 has been satisfied. Otherwise, FTE Reduction Safe Harbor 2 does not apply and the Borrower must complete line 13 of PPP Schedule A by dividing line 12 by line 11 of that schedule.



# Owner – Employees

Health insurance costs for S corporation owners cannot be included when calculating payroll costs; however, retirement costs for S corporation owners are eligible costs.

# Owner – Employees

## New guidance?

### Applicant Ownership

List all owners of 20% or more of the equity of the Applicant. Attach a separate sheet if necessary.

Owner Name	Title	Ownership %	TIN (EIN, SSN)	Address

All parties listed below are considered owners of the Applicant as defined in 13 CFR § 120.10, as well as “principals”:

- For a sole proprietorship, the sole proprietor;
- For a partnership, all general partners, and all limited partners owning 20% or more of the equity of the firm;
- For a corporation, all owners of 20% or more of the corporation;
- For limited liability companies, all members owning 20% or more of the company; and
- Any Trustor (if the Applicant is owned by a trust).

#### **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.

# Utilities –

## 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:

## What transportation costs are eligible for forgiveness?

The SBA has yet to release guidance on which expenses are included under the category of “transportation.” Current understanding of the guidelines is that the same principles will apply to PPP forgiveness as they do for tax filing. This would mean you have two options for tracking expenses that you could choose from to maximize your forgiveness:

- **Standard mileage rate** entails tracking your miles driven for business purposes and then multiplying it by the standard mileage rate (set at \$0.575 per mile for 2020).
- **Actual expense method** entails tracking all costs of operating the vehicle in the eight week period. Examples include costs like gas, oil, and repairs.



# EIDL & EIDL Advance Programs Reopen

- Troubled program reopens to ALL eligible borrowers - small businesses and non-profits.
- Loans may be used for all business expenses - payroll, inventory, debt payments, etc.
- 3.75% for small businesses, 2.75% for non-profits.
- Repayment terms up to 30 years, payments deferred for 1 year.
- EIDL Advance: Up to \$10,000 (\$1,000 per employee) does not have to be repaid.
- PPP Loan forgiveness will be reduced by the amount of your EIDL Advance.



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?*

Please email:

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

For resources, updates, webinar schedule, and FAQ's, please visit our

[COVID-19 Updates & Resources page](#)



As requirements change and laws are passed, we will update you as soon as possible.

*Don't forget to wash your hands!*

