



Live Q&A Session

Covering Phase 4 Proposals

June 25, 2020

Phase 4 Proposals

Second PPP Loans for Small Businesses

- Application deadlines
- 100 Employees or less
- 50% loss of revenue
- Publicly traded companies ineligible
- \$25 billion reserved for companies with less than 10 employees

Other Phase 4 Proposals

- **Second stimulus check**
- **HEROES bill**
- **Payroll Tax Waiver**
- **Unemployment benefits extension**
- **Back to work bonus**
- **Skills Renewal Act**
- **Travel Credit**



PPP Loan Forgiveness Guidance Changes and Clarifications

PPP Loan Forgiveness & FTE Reductions

- Borrowers are EXEMPTED from the loan forgiveness reduction stemming from a reduction in FTE employees during the covered period if the borrower is able to document in good faith:
 - An inability to rehire individuals who were employees of the borrower on 2/15/2020; and
 - An inability to hire similarly qualified individuals for unfilled positions on or before 12/31/2020.
- Additional exemptions include any employees who:
 - Were fired for cause,
 - Voluntarily resigned,
 - Voluntarily requested and accepted a reduction in hours.



PPP Loan Forgiveness & FTE Reductions

- Required actions & documentation:
 - Borrowers must inform the applicable state unemployment insurance office of an employee's rejected rehire offer within 30 days of rejection.
 - Document, document, document!
 - Written offer to rehire an individual
 - Written record of the offer's rejection
 - Written record of efforts to hire similarly qualified individual.



PPP Loan Forgiveness & FTE Reductions

- Borrowers are also EXEMPTED from the loan forgiveness reduction stemming from a reduction in FTE employees during the covered period if the borrower is 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...”
 - This exemption refers to direct and indirect compliance with COVID-19 related regulations.
 - Document:
 - Copies of the applicable COVID requirements or guidance
 - Relevant borrower financial records



Forgiveness Application FTE Safe Harbor 2 Full application

If you qualify for Safe Harbor 2, you will be making a FTE comparison of the FTEs on the 2/15/2020 payroll to the FTEs on the payroll closest to date of forgiveness application submission or 12/31/2020 (whichever is earlier)

FTE Reduction Safe Harbors

Two separate safe harbors exempt certain borrowers from any loan forgiveness reduction based on a reduction in FTE employee levels:

1. The Borrower is exempt from the reduction in loan forgiveness based on a reduction in FTE employees described above if the Borrower, in good faith, is able to document that it 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 for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19.
2. The Borrower is exempt from the reduction in loan forgiveness based on a reduction in FTE employees described above if both of the following conditions are met: (a) the Borrower reduced its FTE employee levels in the period beginning February 15, 2020, and ending April 26, 2020; and (b) 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.

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.

Forgiveness Application EZ – No reduction in FTE certification

- d. If you checked only the second box on the checklist on page 1 of these instructions, the average number of full-time equivalent employees on payroll employed by the Borrower on January 1, 2020 and at the end of the Covered Period.

You will be providing your lender with documentation of the number of FTEs in your employment as of 1/1/2020 and the end of the covered period.

Can you apply for Forgiveness before the end of the covered period?

b. When must a borrower apply for loan forgiveness or start making payments on a loan?

A borrower may submit a loan forgiveness application any time on or before the maturity date of the loan – including before the end of the covered period – if the borrower has used all of the loan proceeds for which the borrower is requesting forgiveness. If the borrower applies for forgiveness before the end of the covered period and has reduced any employee's salaries or wages in excess of 25 percent, the borrower must account for the excess salary reduction for the full 8-week or 24-week covered period, as described in Part III.5. If the borrower does not apply

Can you apply for Forgiveness before the end of the covered period?

There also appears to be no “strings attached” after a borrower applies for Loan Forgiveness that would require the borrower to maintain employee headcount level throughout the entire 24 week period. If the borrower maintained the same number employees and the same pay rate for those employees through the date it files the forgiveness application (or restored employee headcount levels or pay rates using the FTE Reduction Safe Harbor on such date) there would be no reduction in the amount of loan forgiveness.

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

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!

