

NNEDV Coalition COVID Call
PPP Loan Forgiveness
June 16,2020

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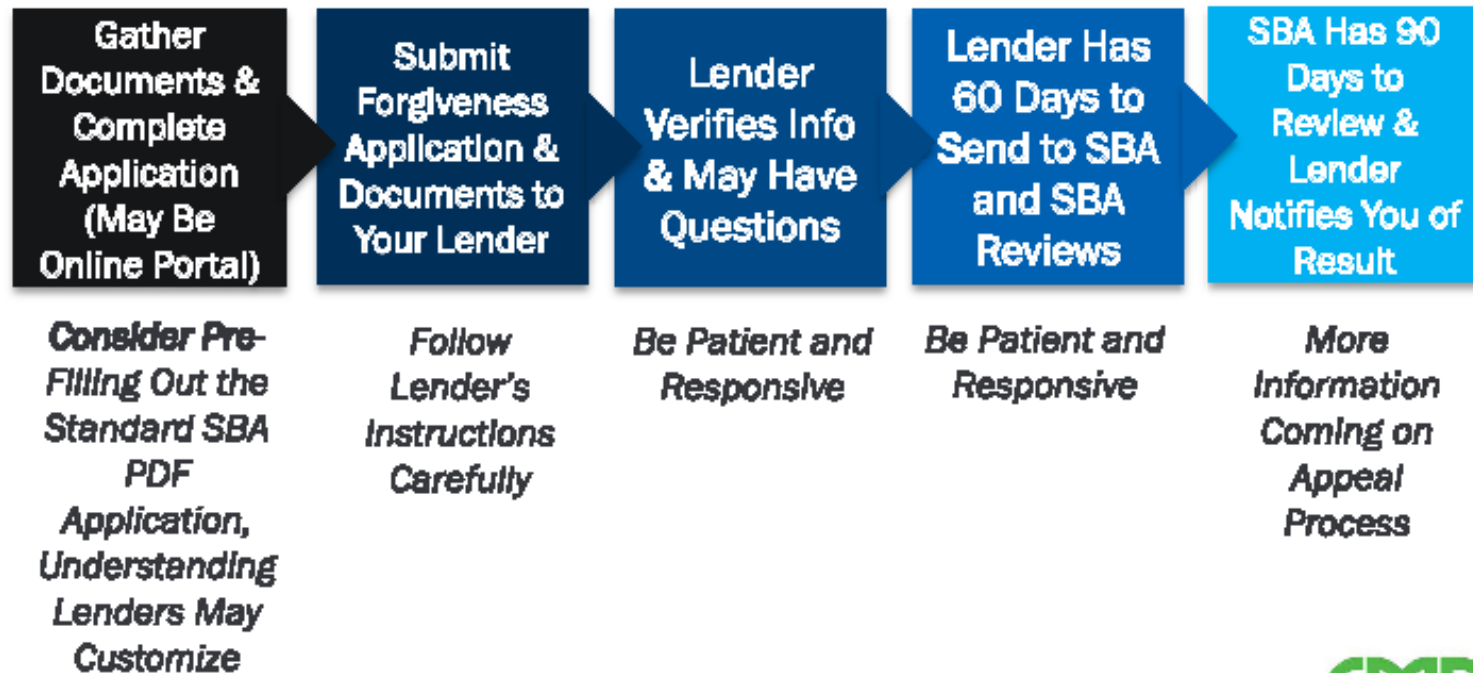


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What are the steps for getting forgiveness?

Sample Process You Might See After Your Forgiveness Period Ends.

You Have Up to 10 Months to Submit Your Application:



Summary of the PPP Flexibility Act

We are awaiting guidance from the SBA on exactly how the Act will be implemented.
Here are highlights of the legislation passed on 6/3:

Area	Before the Act...	Now with the Act...
When You Can Use the Loan Proceeds Through	Officially June 30 although there were implications you could go further	December 31, 2020
Forgiveness (aka "Covered") Period	8 weeks	24 weeks (can stay with 8 if you already received a loan). Must end by Dec. 31, 2020
Deadline to Submit Forgiveness App. to Lender	Unknown	Effectively, up to 10 months from the end of your Covered Period
Spending Ratio	Had to spend at least 75% on payroll	Have to spend at least 60% on payroll, so can spend up to 40% on non-payroll costs
Avoiding Penalties	Had until June 30 th to rehire employees and restore salaries back to their Feb 15 th levels to avoid a penalty	Have until December 31 st to rehire employees and restore salaries back to their Feb 15 th levels to avoid a penalty. There are some other new reduction exceptions as well.
Loan Term	2 years from loan disbursement	5 years from loan disbursement on new loans; for loans already disbursed, can mutually agree with your lender on this change
Access to Payroll Taxes Deferral	Could not have deferrals once granted forgiveness	Can still have deferrals even when granted forgiveness

What Can We Use the Loan For?

Allowable	Cash Compensation ¹	Employer Paid Health ² & Retirement Benefits	Employer Paid State & Local Payroll Taxes	Rent & Mortgage Interest, Other Interest ³	Utilities (Water, Gas, Electricity, Transp. Internet, Phone)
Not Allowed: All Other Expenses Including	Excess Wages for Salaries > \$100k ⁴	Payroll for Employees Perm. Outside USA	Employer Portion of Federal Taxes & FICA	FFCRA Credits for Sick and Family Leave	Independent Contractor Pay (1099s)

¹Cash compensation includes salaries, wages and commissions (including to furloughed employees), tips, bonuses, hazard pay, paid leave, severance, and housing allowances

²Group health benefits includes medical, dental, and vision.

³Other Interest not eligible for forgiveness

⁴Cash compensation eligible for forgiveness is limited to \$15,385 per employee. *This may change with new PPP Flexibility Act.*

Do we include the expenses paid during or incurred in the 8 or 24 weeks in our calculations?

The Application allows for both methodologies to be used.

Paid During*	All of it Counts
Paid During & Incurred	All of it Counts
Fully Incurred, Not Paid During But Is At Next Regular Due Date	All of it Counts
Partially Incurred, Not Paid During But Is At Next Regular Due Date	Part of it Counts (Prorated)

*Bills fully incurred **before** the 8 or 24-week period that are paid in the ordinary course during the 8 or 24-week period are allowed. Pre-paid mortgage interest for **after** the 8 or 24-week period is not allowed. We are awaiting guidance on how other pre-payments will be treated, but organizations should plan on them not being allowed.

Regularly Updated PPP Resources

- <https://fmaonline.net/ppptoolbox/#FMA%20Resources>
- <https://fmaonline.net/wp-content/uploads/2020/06/Managing-Your-PPP-Loan-and-Forgiveness-202-6.12.20.pdf>
- <https://www.caplaw.org/resources/coronavirusupdates.html>
- <http://createsend.com/t/t-9B5E337F78499BE52540EF23F30FEDED>

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- **FMA Online**
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- <https://fmaonline.net/wp-content/uploads/2020/06/Managing-Your-PPP-Loan-and-Forgiveness-202-6.12.20.pdf>
- **CAPLAW**
- <https://www.capl原因.org/resources/coronavirusupdates.html>
- <http://createsend.com/t/t-9B5E337F78499BE52540EF23F30FEDED>