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Paycheck Protection Program Update

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Welcome

- + All attendees are placed on listen-only mode
- + Submit a confidential question at any time
- + Questions will be reviewed by our team and followed up after the webinar
- + Contact information will be provided
- + Today's webinar recording will be sent via email within 2 hours



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COVID-19 Response Team

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Your frequently asked questions

- + General loan forgiveness
- + Payroll costs
- + Nonpayroll costs
- + Loan forgiveness reductions

General Loan Forgiveness

- + Sole proprietors, independent contractors and self-employed
- + Electronic documents and signatures
- + When are borrowers required to make payments if loan is not forgiven?

Payroll Costs

- + Are payroll costs incurred during the Covered or Alternative Payroll covered period but paid after the forgiveness period eligible?
 - + Costs incurred before covered period but paid during period?
- + Bimonthly or less frequent payroll costs treatments
 - + Partial pay periods

Payroll Costs

+ What is included?

- + Gross amount and all other forms of cash compensation

 - + Tips

 - + Commissions

 - + Bonuses

 - + Hazard pay

- + \$100,000 annualized limit

+ Health care plan?

- + Costs must be paid by the borrower not employee

+ Retirement plan?

- + Costs must be paid by the borrower, not employee

Owner Compensation

24-Week Covered Period

	Self-employed/ General Partners	Owner Employee – C Corporations	Owner Employee – S Corporations	Employees \geq \$100,000
Compensation	<p>Lesser of \$20,833 or 2.5/12 of net profit from line 31 of 2019 Schedule C or F</p> <p>General partners – Lesser of \$20,833 or 2.5/12 of 2019 net earnings from self-employment (reduced by Section 179 deductions, unreimbursed partnership expenses and depletion.</p>	<p>Lesser of \$20,833 or 2.5/12 of 2019 cash compensation (+ 2019 employer paid health care plans + qualified plan contribution)</p>	<p>\$20,833 ($\\$100,000/12*2.5$)</p>	<p>\$46,154 ($\\$100,000/52 * 24$)</p>
+ employer paid health care plans	No	Yes	No	Yes
+ qualified plan contributions	No	2.5/12 * 2019 contribution	2.5/12 * 2019 contribution	Yes

Owner Compensation

8-Week Covered Period

	Self-employed/ General Partners	Owner Employee – C Corporations	Owner Employee – S Corporations	Employees \geq \$100,000
Compensation	<p>Lesser of \$15,385 or 2.5/12 of net profit from line 31 of 2019 Schedule C or F</p> <p>General partners – Lesser of \$15,385 or 2.5/12 of 2019 net earnings from self-employment (reduced by Section 179 deductions, unreimbursed partnership expenses and depletion.</p>	Lesser of \$15,385 or 2.5/12 of 2019 cash compensation (+ 2019 employer paid health care plans + qualified plan contribution)	\$15,385	\$15,385
+ employer paid health care plans	No	Yes	No	Yes
+ qualified plan contributions	No	2.5/12 * 2019 contribution	2.5/12 * 2019 contribution	Yes

Nonpayroll Costs

+ What is included?

+ Mortgage interest

- + Refinanced Loans?

- + Unsecured Credit?

+ Eligible business rent

- + (CAM expenses)

+ Lease costs existed prior to February 15, 2020

+ Eligible utility costs

+ Can nonpayroll costs be reported using the Alternative Payroll Covered Period?

Forgiveness Reductions

- + Forgiveness reduction if FTE decreased due to offered rehire or laid off employees declined?
 - + Inability to hire similarly qualified individual
- + Seasonal employers?
- + Are employees who made more than \$100,000 in 2019 included in FTE calculation?
- + What compensation should be used to calculate salary and wage reductions greater than 25%?
 - + Was salary/hourly rate remedied by December 31, 2020?
 - + Hour reduction?

Forgiveness Application

- + When can the short form be used?
 - + Self-employed individual, independent contractor, or sole proprietor who had no employees at the time of the PPP loan application
 - + No reduction of the number of employees or the average paid hours of employees between January 1, 2020, and the end of the Covered Period
 - + Unable to operate during 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

Open Matters

- + Are CAM charges includable in rent?
- + Is business vehicle fuel includible in nonpayroll costs?
- + Forgiveness application necessary if loan < \$150,000
- + Provision to make loan forgiveness tax free and expenses deductible

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Thank You

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