

NFIB UPDATE

Weekly Briefing for Small Business

Matt Evans, CPA, CMA, CFM

Beth Milito and Holly Wade, NFIB

December 2, 2020 – PPP Loan Forgiveness: Step by Step with a CPA



DISCLAIMER

- The materials and information provided in this webinar and on NFIB's website are for informational purposes only and not for the purpose of providing legal or tax advice. You should contact your attorney and/or tax professional to obtain advice with respect to any particular issue or problem.
- This is based on information available by 12/2/20.

Agenda

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- Covid-19 Small Business Resources
 - Matt Evans, CPA, CMA, CFM
 - Q&A

NFIB Webinars

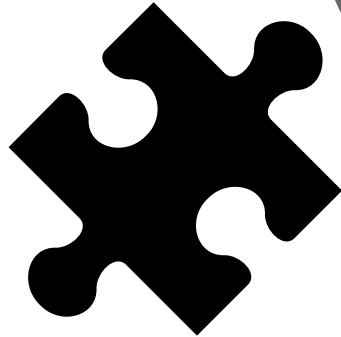
December 16: End-of-Year Covid-19 Wrap-Up Q&A with Beth Milito & Holly Wade

Join Beth and Holly as they answer questions about:

- PPP forgiveness, including the latest from banks on the timing of application and acceptance;
- Covid-19 updates and compliance resources for small business owners;
- Congressional outlook for 2021, including 2nd PPP and extended Covid-paid leave; and
- CDC updates and state mandates pertaining to Covid-19 and vaccine distribution.

Send questions to info@nfib.org

Covid -19 Small Business Resources



COVID-19 Resources

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- [PPP Loan Forgiveness Form 3508S Application Instructions](#)
 - [PPP Loan Forgiveness Form 3508S Application](#)
 - [PPP Loan Forgiveness Form 3508EZ Application Instructions](#)
 - [PPP Loan Forgiveness Form 3508EZ Application](#)
 - [PPP Loan Forgiveness Form 3508 Application Instructions](#)
 - [PPP Loan Forgiveness Form 3508](#)
 - [AICPA PPP Loan Forgiveness Calculator](#) (updated 11/16/20)
 - [NFIB Coronavirus Resources](#) (including webinar recordings)
 - [NFIB FFCRA Tax Credit Tip Sheet](#)
 - [NFIB Covid-19 in the Workplace Tip Sheet](#)



Economic Injury Disaster Loan

****SBA STILL ACCEPTING EIDL APPLICATIONS****

The SBA's EIDLs provide working capital to help small businesses survive until normal operations resume after a disaster.

- Payroll costs, including benefits,
- Fixed debts (mortgage, rent, lease),
- Accounts payable,
- Other bills.

****Apply for an EIDL [here](#).****



Covid-19 in the Workplace Tip Sheet

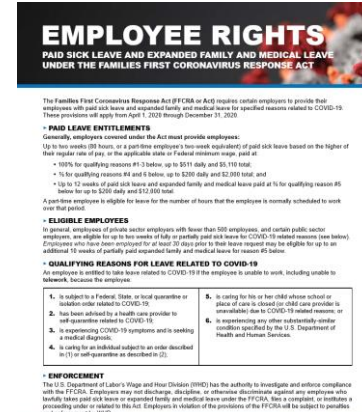
NFIB has put together a NEW tip sheet to help employers navigate Covid-19 workplace issues:

1. Can I require employees with Covid-19 symptoms to stay home?
2. What should I do if an employee came to work and later tested positive?
3. Should I require a doctor's note or positive test result?
4. When can I allow a sick employee to return to work?
5. Can I require employees to be rested for Covid-19?



Covid-19 Paid Leave

- The “Families First Coronavirus Response Act,” (FFCRA) requires businesses with fewer than 500 employees to provide emergency paid sick leave and family leave.
- Employers receive a dollar-for-dollar credit for wages paid. Can take the credit under the FFCRA and get a PPP loan, but cannot count the same wages for both programs.
- **FFCRA Poster (MANDATORY!!)**
- Law expires 12/31/20.



Covid-19 Paid Leave Summary

	What employers does this apply to?	What is the required duration of leave?	What are qualifying reasons for taking leave?	What is the required wage replacement?*
Paid sick leave (PSL) Takes effect: April 1, 2020 Expires: December 31, 2020	<ul style="list-style-type: none"> Private sector employers that have fewer than 500 employees An employer of an employee who is a health care provider or an emergency responder may elect to exclude such employee <i>*Small businesses with less than 50 employees may be exempted from providing paid leave for child care, if leave requirements would burden the business too much*</i> 	<ul style="list-style-type: none"> Two weeks of paid sick leave for full-time employees that meet leave eligibility requirements Part-time employee leave is based on the average hours they work 	<ol style="list-style-type: none"> Government mandated COVID-19 quarantine or isolation order Health care provider advised self quarantine Experiencing symptoms & seeking diagnosis Caring for quarantined individuals Caring for children who are at home due to COVID-19* Experiencing a similar condition as defined by HHS 	<ul style="list-style-type: none"> If home due to reasons 1-3: Regular rate of pay, capped at \$511 daily and \$5,110 in the aggregate If home due to reasons 4-6: 2/3 of regular rate of pay, capped at \$200 daily and \$2,000 in the aggregate per employee
Emergency Family and medical leave (EFML) Takes effect: April 1, 2020 Expires: December 31, 2020	<ul style="list-style-type: none"> Private sector employers that have fewer than 500 employees An employer of an employee who is a health care provider or an emergency responder may elect to exclude such employee <i>Small businesses with less than 50 employees may be exempted if leave requirements would burden the business too much</i> 	<ul style="list-style-type: none"> Ten weeks of paid family and medical leave for full-time employees that have been with the company for at least a month Part-time employees are "eligible for leave for the number of hours that the employee is normally scheduled to work over that period" 	<ul style="list-style-type: none"> Unable to work or telework because caring for child under 18 at home due to COVID-19 school/child-care closure 	<ul style="list-style-type: none"> At least 2/3 of regular rate of pay, capped at \$200 daily and \$10,000 in the aggregate per employee

How to Claim Covid-19 Paid Leave Credit

- Employers that pay FFCRA leave wages can retain an amount of all federal employment taxes equal to the amount of the FFCRA leave wages paid, plus the qualified health plan expenses and the amount of the employer's share of Medicare tax imposed on those wages, rather than depositing them with the IRS.
- Employers can retain: federal income taxes withheld from employees, the employees' share of social security and Medicare taxes, and the employer's share of social security and Medicare taxes with respect to all employees.
- If the federal employment taxes yet to be deposited are not sufficient to cover the cost of qualified FFCRA leave wages, plus the qualified health plan expenses and the amount of the employer's share of Medicare tax imposed on those wages, the employer will be able file a request for an advance payment from the IRS using form 7200, Advance of Employer Credits due to COVID-19.
- Employers must retain records and documentation related to and supporting each employee's leave to substantiate the claim for the credits, as well retaining the [Forms 941, Employer's Quarterly Federal Tax Return](#), and [7200, Advance of Employer Credits Due To COVID-19](#), and any other applicable filings made to the IRS requesting the credit.
- For more detail on the refundable tax credits and the procedures to receive payment of the advance credit, see [How to Claim the Credits](#).

FFCRA Tax Credit Example

The FFCRA credit reduces the amount of payroll taxes owed by the business, including employee income tax withholdings.

Example: Holly's Auto Shop pays \$5,000 of FFCRA sick leave to an employee. That business receives a \$5,000 tax credit for those wages paid.

- Employer has \$6,000 payroll tax deposit requirement. The business is only required to deposit \$1,000.
- Employer has \$4,000 payroll tax deposit requirement. The business can apply for a fast refund on IRS Form 7200 of \$1,000

PPP Loan Forgiveness Using Forms 3508-S and 3508-EZ

Presented by: Matt Evans

Date: December 2, 2020

About the Presenter



- **Matt Evans, CPA, CMA, CFM** is a retired professional with 25+ years' experience as an accountant, controller, business analyst and project manager. As a SCORE Mentor, Matt provides practical advice to small businesses in areas such as strategic planning, product development, marketing, and financial planning.

About SCORE – Service Corp Of Retired Executives:

- Free Service to Small Business Owners
- Extension of the Small Business Administration
- Over 10,000 Mentors nation-wide
- Visit www.score.org to learn more

Book a Zoom Session Online with Matt Evans:

<https://score-silver-spring-library.as.me/schedule.php>

Webinar Agenda

1. Form 3508 S (Self Employed)
2. Form 3508 EZ (Over \$ 50,000 Loan Amount)
3. When to File
4. Links to Forms and Instructions
5. PPP 2.0



**Two Forms Cover 70%+
of all PPP Loans Issued**

Loan Size	Loan Count	Net Dollars	% of Count
\$50K and Under	3,574,110	\$62,742,565,653	68.6%
>\$50K - \$100K	683,785	\$48,676,961,052	13.1%
>\$100K - \$150K	294,557	\$36,058,010,813	5.7%
>\$150K - \$350K	377,797	\$84,782,932,509	7.2%
>\$350K - \$1M	199,679	\$113,558,427,234	3.8%
>\$1M - \$2M	53,218	\$73,887,171,387	1.0%
>\$2M - \$5M	24,248	\$72,184,996,045	0.5%
>\$5M	4,734	\$33,121,136,431	0.1%

PPP Loan Forgiveness – Three Forms

1. Three Forms: 1) **Form 3508-S** (\$ 50,000 or less), 2) **Form 3508-EZ** (Over \$ 50,000 and did not reduce payroll by more than 25%) and 3) **Form 3508** (Over \$ 2 Million or reduced payroll by more than 25%)
2. If Self Employed, provide the bank with a copy of your final **IRS Schedule C for 2019**
3. If you have employees, provide the bank with **payroll reports**. For all expenses, it will help to validate your payments by providing **bank statements**. Tax related documents such as Quarterly 941 Reports can also support your payroll.
4. Include documentation that your business was operational as of February 15, 2020 – evidence of expenses paid, lease agreement dated before 2-15-2020
5. Documentation shall be maintained for a period of six (6) years from the date of loan forgiveness.

NOTE: According to the Consumer Bankers Association, banks estimate that as many as 80% of forgiveness applications that have been submitted by small businesses are requiring additional follow-ups to reconcile errors or find missing information.

KEY POINT: Form + Schedule C* (Self Employed) / Payroll Reports* / Bank Statements* / Tax Documents* = Complete Package for PPP Loan Forgiveness * **third party independent documents are important**

Borrower vs. Bank - Responsibilities

Borrower

“Providing an accurate calculation of payroll costs is the responsibility of the borrower, and the borrower attests to the accuracy of those calculations on the Borrower Application Form.”

“A payroll statement or similar documentation from the pay period that covered February 15, 2020 must be provided to establish you were in operation on February 15, 2020.”

“You must provide a 2020 invoice, bank statement, or book of record to establish you were in operation on or around February 15, 2020.”

Bank

“Lenders are expected to perform a good faith review, in a reasonable time, of the borrower’s calculations and supporting documents concerning average monthly payroll cost. For example, minimal review of calculations based on a payroll report by a recognized third-party payroll processor would be reasonable. In addition, as the PPP Interim Final Rule indicates, lenders may rely on borrower representations, including with respect to amounts required to be excluded from payroll costs.”

Form 3508-S: \$ 50,000 or Less

Almost every self employed person should be able to use Form 3508-S. If you have employees (payroll), you are exempt from payroll reductions



Paycheck Protection Program PPP Loan Forgiveness Application Form 3508S

**OMB Control No. 3245-0407
Expiration Date: 10/31/2020**

PPP LOAN FORGIVENESS APPLICATION FORM 3508S INSTRUCTIONS FOR BORROWERS

You (the Borrower) can apply for forgiveness of your Paycheck Protection Program (PPP) loan using this SBA Form 3508S only if the total PPP loan amount you received from your Lender was \$50,000 or less. However, a borrower that, together with its affiliates (see [85 FR 20817](#) (April 15, 2020) regarding application of SBA's affiliation rules and the exemption of otherwise qualified faith-based organizations from SBA's affiliation rules), received PPP loans totaling \$2 million or more cannot use this form. If you are not eligible to use this form, you must apply for forgiveness of your PPP loan using SBA Form 3508 or 3508EZ (or lender's equivalent form).

SBA Form 3508S requires fewer calculations and less documentation for eligible borrowers. Borrowers that use SBA Form 3508S are exempt from reductions in loan forgiveness amounts based on reductions in full-time equivalent (FTE) employees or in salaries or wages. SBA Form 3508S also does not require borrowers to show the calculations used to determine their loan forgiveness amount. However, SBA may request information and documents to review those calculations as part of its loan review process.

Complete this SBA Form 3508S in accordance with the instructions below, and **submit it to your Lender** (or the Lender that is servicing your loan). Borrowers may also complete this application electronically through their Lender.

Form 3508-S – Very Simple and Fast

- Report the Loan Amount
- Report when funds were deposited to your account
- If you had employees, Head Count when you applied for the loan and when you applied for forgiveness
- Report EIDL Grant Amount – But let the SBA deduct the amount for your final forgiveness

SBA PPP Loan Number: _____

Lender PPP Loan Number: _____

PPP Loan Amount: \$ 14,000.00

PPP Loan Disbursement Date: 8-6-2020

Employees at Time of Loan Application: 0

Employees at Time of Forgiveness Application: 0

EIDL Advance Amount: \$ 1,000.00

EIDL Application Number: _____

Forgiveness Amount: \$ 14,000.00

The Bank or the Borrower can ignore any calculations associated with the EIDL Loan Advance – SBA will validate and make this adjustment when it pays the Bank

Form 3508-S Certifications

When you sign and submit Form 3508-S, you agree that you have taken into account the following:

1. If funds were used for payroll, then payroll is 60% or more of how the PPP Loan was used. NOTE: Most self employed people simply pay themselves a check – Owner Withdrawal payments over the 24 weeks.
2. The PPP Loan money was used for: Payroll, Rent, Utilities or Mortgage Interest
3. The self employed owner was not paid more than \$ 20,833 during the 168 day loan coverage period ($\$ 100,000 / 12 \times 2.5 = \$ 20,833$)
4. For purposes of including non-payroll expenses, such expenses were incurred before February 15, 2020 by the business and paid in the name of the business
5. If you had someone on payroll, they were not paid (gross pay) more than \$ 46,154 ($\$ 100,000 / 52 \times 24 \text{ weeks}$) during the loan coverage period

Self Employed – IRS Schedule C for 2019

Make sure you have a copy of your final Schedule C that you filed with the IRS for 2019 – this supports both the Loan and Forgiveness Amounts

If your PPP Loan was based on a “Preliminary” Schedule C, you may have to adjust the loan and forgiveness amount per the Final Schedule C filed with the IRS

Self Employed are NOT employees. There is no payroll. They simply take out a withdrawal of funds to cover their own personal expenses

Self Employed:

- Files **IRS Schedule C** with Tax Return
- Sole Proprietorship
- Single Member LLC
- Independent Contractor
- Farming Entity (**IRS Schedule F**)

Not Self Employed:

- S Corp (Employee) – **IRS Form 1120S**
- C Corp (Employee) – **IRS Form 1120**
- Partnership (Distribution) – **IRS Form 1065**

See IRS Publication 334 for more information on Self Employed and Calculating Profits

Form 3508 EZ: Over \$ 50,000

- ☐ The Borrower is a self-employed individual, independent contractor, or sole proprietor who had no employees at the time of the PPP loan application and did not include any employee salaries in the computation of average monthly payroll in the Borrower Application Form (SBA Form 2483).

Use Form 3508-S

- ☐ The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period (as defined below) compared to the period between January 1, 2020 and March 31, 2020 (for purposes of this statement, “employees” means only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000);

AND

The Borrower did not reduce the number of employees or the average paid hours of employees between January 1, 2020 and the end of the Covered Period. (Ignore reductions that arose from an inability to rehire individuals who were employees on February 15, 2020 if the Borrower was unable to hire similarly qualified employees for unfilled positions on or before December 31, 2020. Also ignore reductions in an employee’s hours that the Borrower offered to restore and the employee refused. See [85 FR 33004](#), 33007 (June 1, 2020) for more details.

- ☐ The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period (as defined below) compared to the period between January 1, 2020 and March 31, 2020 (for purposes of this statement, “employees” means only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000);

AND

The Borrower was 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 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.

Form EZ: Know Your Dates and Qualified Expenses

6/18/2020	< Enter date funds deposited to your bank account			
12/3/2020	< End Date for Loan Coverage Period	168	< 24 weeks x 7 days	
9/29/2021	< Must have bank forgive loan by this date	300	< 10 months x 30 days	
\$ 14,000.00	< Loan Amount	Back Date >	-90	210
	Need to Submit by this Date >			7/1/2021
	<u>Type Expense should be:</u>			
	1. Payroll - All Compensation Paid + 3 Burdens (Health/Retirement/State Unempl)			
	2. Rent or Lease Payments on an agreement that was in effect on 2-15-2020			
	3. Interest on a Mortgage that was in effect as of 2-15-2020			
	4. Utilities (electric, gas, water) that was in effect as of 2-15-2020			
	Utilities can include internet access and gas in vehicle			
	All Utilities must be in the name of the business -			
	You CANNOT include home office deduction since this			
	is not an actual paid expense in the name of the business			

- Know your loan coverage period
- Know your drop dead date for obtaining forgiveness
- Depending upon how you spent the money, you may need to understand the four qualifying expenses to ensure you got it right

Back Date this at least 90 days since the Bank has 60 days to process your PPP Loan Forgiveness Application and the SBA has up to 90 days to approve the PPP forgiveness and pay the bank

Reconciling Payroll and the Loan Amount

	Total	Gross (1)	Total	U.S.	Total Final	Final Base
Employee	Payroll	Pay	Benefits (2)	Resident (3)	Payroll Amt	Pay Amt
John Doe	\$ 64,200	\$ 53,165	\$ 11,035	Y	\$ 64,200	\$ 53,165
Karen Dillion	\$ 162,400	\$ 139,510	\$ 22,890	Y	\$ 122,890	\$ 100,000
Harvey Johns	\$ 83,200	\$ 69,710	\$ 13,490	Y	\$ 83,200	\$ 69,710
Som Jarata	\$ 46,300	\$ 40,995	\$ 5,305	N	\$ -	\$ -
Steve Harper	\$ 94,800	\$ 82,140	\$ 12,660	Y	\$ 94,800	\$ 82,140
Sal Norton	\$ 26,700	\$ 23,504	\$ 3,196	Y	\$ 26,700	\$ 23,504
Jane Smith	\$ 54,100	\$ 44,577	\$ 9,523	N	\$ -	\$ -
Bill Johnson	\$ 126,100	\$ 107,330	\$ 18,770	Y	\$ 118,770	\$ 100,000
				Total	\$ 510,560	
(1): Covers all pay including Vac, Sick, Bonus, Hazard, etc.				Months in Yr	12	
(3): Exclude employee who is not a				Avg Monthly	\$ 42,547	
resident of the United States				Multiplier	2.5	
				Loan Amount	\$ 106,367	
You can also calculate the Loan Amount by taking 2 months of						
your Monthly Average Payroll for the previous year and add 25%						
You should come back to the same amount - see example below:						
(2) Benefit Structure for John Doe			Number of Months Allowed		2	
Health Insur	5,150		Total Payroll Allowed		\$ 85,093	
Retirement	2,680		Add 25% to Total		1.25	
State Empl Tax	3,205			Loan Amount	\$ 106,367	
Total	11,035					

Just a reminder about payroll:

Payroll Cost = All Compensation Paid (base pay, sick pay, bonus pay, severance pay, etc.) + Three Burdens: Employer Portion of Health + Employer Portion of Retirement + State Unemployment

Gross Pay for the entire year cannot be greater than \$ 100,000 for the year or **\$ 46,154** for the loan coverage period (\$ 100,000 / 52 x 24 weeks)

Form 3508-EZ: Fairly Straight Forward / Simple

For small business owners who have employees / payroll and your loan amount is over \$ 50,000 – Use Form 3508-EZ

SBA PPP Loan Number: _____ Lender PPP Loan Number: _____

PPP Loan Amount: \$ 78,600 PPP Loan Disbursement Date: 7/27/2020

Employees at Time of Loan Application: 11 ⁽¹⁾ Employees at Time of Forgiveness Application: 8 ⁽¹⁾

EIDL Advance Amount: \$ 9,000 EIDL Application Number: _____

Payroll Schedule: The frequency with which payroll is paid to employees is:

☐ Weekly ☒ Biweekly (every other week) ☐ Twice a month ☐ Monthly ☐ Other _____

Covered Period: 7/27/2020 to 1/11/2021 ← Add 168 days to the start date

Alternative Payroll Covered Period, if applicable: _____ to _____

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here: ☐

(1): Number of people getting an actual payroll check including the owner. Full Time = 1.0 | Parttime = .5
Must count for the full week (40 hours) that includes these two cut off dates

Form 3508-EZ continued (Calculate Forgiveness)

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs

Line 1. Payroll Costs:

*Need to provide bank with
a Payroll Report that
breaks this down.*

\$ 68,240

Line 2. Business Mortgage Interest Payments:

Line 3. Business Rent or Lease Payments:

*Include Bank Statements
to show all payments made*

\$ 11,110

Line 4. Business Utility Payments:

Potential Forgiveness Amounts

Line 5. Add the amounts on lines 1, 2, 3, and 4:

*Including a Detail Schedule
that breaks down total amount
spent can help (next slide)*

\$ 79,350

Line 6. PPP Loan Amount:

\$ 78,600

Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60):

\$ 113,733

Forgiveness Amount

Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7):

\$ 78,600

Make sure this
amount is 60% or
more of the total
reported on Line 6

Make sure
Line 5 Amount
is Equal to or
Greater than
Line 6

NOTE: The SBA will deduct \$ 9,000 from Line 8 when paying the bank – final forgiveness = \$ 69,600
The \$ 9,000 becomes a 5 year loan at 1% interest with no fees or pre-payment penalties

Reconcile the Form to Supporting Documents

Date	Paid to	Description	Type Expense	Amount	Ref Stmt
8/21/2020	Bi Weekly Payroll	Period 8/2 - 8/15	Payroll Paid	\$6,189.00	PR-1
9/4/2020	Bi Weekly Payroll	Period 8/16 - 8/29	Payroll Paid	\$6,220.00	PR-2
9/18/2020	Bi Weekly Payroll	Period 8/30 - 9/12	Payroll Paid	\$6,205.00	PR-3
10/2/2020	Bi Weekly Payroll	Period 9/13 - 9/26	Payroll Paid	\$6,195.00	PR-4
10/16/2020	Bi Weekly Payroll	Period 9/27 - 10/10	Payroll Paid	\$6,215.00	PR-5
10/30/2020	Bi Weekly Payroll	Period 10/11 - 10/24	Payroll Paid	\$6,188.00	PR-6
11/13/2020	Bi Weekly Payroll	Period 10/25 - 11/7	Payroll Paid	\$6,225.00	PR-7
11/27/2020	Bi Weekly Payroll	Period 11/8 - 11/21	Payroll Paid	\$6,209.00	PR-8
12/11/2020	Bi Weekly Payroll	Period 11/22 - 12/5	Payroll Paid	\$6,188.00	PR-9
12/25/2020	Bi Weekly Payroll	Period 12/6 - 12/19	Payroll Paid	\$6,230.00	PR-10
1/8/2021	Bi Weekly Payroll	Period 12/20 - 1/2/2021	Payroll Paid	\$6,176.00	PR-11
		Sub Total - Gross Wages Paid		\$68,240.00	
9/3/2020	Southland Realty	Lease payment - Aug	Rent	\$2,230.00	BS-1-1
10/4/2020	Southland Realty	Lease payment - Sept	Rent	\$2,230.00	BS-2-1
11/4/2020	Southland Realty	Lease payment - Oct	Rent	\$2,230.00	BS-3-1
12/3/2020	Southland Realty	Lease payment - Nov	Rent	\$2,230.00	BS-4-1
1/4/2021	Southland Realty	Lease payment - Dec	Rent	\$2,190.00	BS-5-1
		Sub Total - Rent		\$11,110.00	
		Total Expenses Paid		\$79,350.00	

Within your documentation, include a Detail Schedule of your expenses by the four major categories

Then cross-reference each line item back to payroll reports or bank statements which confirms the expense was paid using PPP funds

PR = Payroll Report – Shows Gross Pay Amounts (covered by PPP Loan) less withholdings = Net Pay Check (shows up on Bank Statements)

BS = Bank Statement

Reconciling Payroll Burden Payments

If you want to use PPP funds to cover the three burdens associated with payroll, you may need to add these types of line items to your detail schedule:

Paid to	Date	Check No.	Amount	Service Period	Allocated Amt	Benefit Type
Blue Cross Blue Shield	3/22/2020	1172	\$ 965.00	April 1 - 30, 2020	\$ 965.00	Health Insurance
Blue Cross Blue Shield	4/26/2020	1189	\$ 965.00	May 1 - 31, 2020	\$ 965.00	Health Insurance
Blue Cross Blue Shield	5/25/2020	1209	\$ 985.00	June 1 - 30, 2020	\$ 985.00	Health Insurance
		Total	\$ 2,915.00		\$ 2,915.00	
				Employer Portion	60%	
				Employer Contribution	\$ 1,749	
Aetna Life	3/28/2020	1174	\$ 550.00	April period	\$ 550.00	Retirement Fund
Aetna Life	4/29/2020	1193	\$ 575.00	May period	\$ 575.00	Retirement Fund
Aetna Life	5/30/2020	1213	\$ 580.00	June period	\$ 580.00	Retirement Fund
		Total	\$ 1,705.00		\$ 1,705.00	
				Employer Portion	100%	
				Employer Contribution	\$ 1,705.00	
State of Virginia	7/13/2020	1259	\$ 2,840.00	2nd Q 2020 = 91 days	\$ 1,747.69	State Unemployment
State of Maryland	7/14/2020	1260	\$ 4,412.00	2nd Q 2020 = 91 days	\$ 2,715.08	State Unemployment
		Total	\$ 7,252.00		\$ 4,462.77	
				Employer Portion	100%	
				Employer Contribution	\$ 4,462.77	

Reductions in Payroll – Leverage the Exemptions

If you have reductions in payroll, you can ignore the reductions under certain circumstances and thereby, still use Form 3508-EZ for PPP Loan Forgiveness:

Borrower may exclude any reduction in FTE employees if the borrower is able to document in good faith the following: (1) an inability to rehire individuals who were employees of the borrower on February 15, 2020 and (2) an inability to hire similarly qualified individuals for unfilled positions on or before December 31, 2020

h. Will a borrower's loan forgiveness amount be reduced if an employee is fired for cause, voluntarily resigns, or voluntarily requests a schedule reduction?

No. When an employee of the borrower is fired for cause, voluntarily resigns, or voluntarily requests a reduced schedule during the covered period or the alternative payroll covered period (FTE reduction event), the borrower may count such employee at the same full-time equivalency level before the FTE reduction event when calculating the section 1106(d)(2) FTE employee reduction penalty. The Administrator and the Secretary have decided to exempt such employees from the calculation of the FTE reduction penalty.

When to file for Forgiveness? Wait until 2021:

1. Congress may change the tax treatment of expenses paid using PPP loan money. IRS has ruled you do **not** report either the revenues or expenses associated with your PPP loan when filing your 2020 tax return in 2021. Some businesses are looking to deduct expenses paid on their tax return. Congress may pass legislation allowing expense deduction > <https://www.congress.gov/bill/116th-congress/senate-bill/3612>
2. Congress may enact “Automatic” PPP Loan Forgiveness at a certain amount. Pending Legislation > <https://www.congress.gov/bill/116th-congress/senate-bill/4117>
3. Larger employers with payroll have until 12-31-2020 to restore their FTE (full time equivalent) count or salary which can impact their forgiveness amount

NOTE: If you are currently seeking new loans, you may need to pursue PPP Loan Forgiveness now to remove this liability from your Balance Sheet. This does NOT apply to a business applying for a Main Street Loan, but the minimum loan amount is \$ 100,000 within this program and you must be profitable.

Long Form 3508 and Questionnaire Form 3509

If you are a business that cannot use either SBA Form 3508-S or 3508-EZ as discussed in this webinar, then you will have to use the long form: 3508 (5 pages)

Loan Amount over \$ 2 Million or Reduced Payroll by More than 25% and did not restore payroll by 12-31-2020

Take the previous SCORE Workshop on PPP Loan Forgiveness that walks through an Excel Workbook on completing the long form:

<https://washingtondc.score.org/61720-workshop-materials>

SBA Form 3509 – Banks or the SBA reserve the right to send applicants a **Loan Necessity Questionnaire** if they believe the applicant has potential issues with their PPP Loan (such as Investment Funds, Loans over \$ 2 million, business has plenty of cash in the bank prior to the loan, etc.)

Links to Forms and Instructions

<https://home.treasury.gov/system/files/136/PPP-Loan-Forgiveness-Application-Form-3508S.pdf>

<https://home.treasury.gov/system/files/136/PPP-Loan-Forgiveness-Application-Form-3508S-Instructions.pdf>

<https://home.treasury.gov/system/files/136/PPP-Forgiveness-Application-3508EZ.pdf>

<https://home.treasury.gov/system/files/136/PPP-Loan-Forgiveness-Application-Form-EZ-Instructions.pdf>

<https://home.treasury.gov/system/files/136/3245-0407-SBA-Form-3508-PPP-Forgiveness-Application.pdf>

https://home.treasury.gov/system/files/136/PPP-Loan-Forgiveness-Application-Instructions_1_0.pdf

NOTE: The SBA continues to release forms with new expiration dates in the upper right corner. Before submitting your application, make sure to download the most current forms from [sba.gov](https://www.sba.gov)

Single Best Resource is to download and read the FAQ's and the Interim Final Rules:

<https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>

Prepare Now for PPP 2.0

- Congress is expected to pass another round of PPP Loans
- Requires you qualify based on a decline in Sales Revenues
- Collect Sales Revenues by Month for all of 2019 and 2020

Calculate Qualification for PPP 2.0					
Month	Sales Revenues in 2019	Sales Revenues in 2020	Qtr Sales in 2019	Qtr Sales in 2020	% Change
January	\$ 16,540	\$ 3,670			
February	\$ 17,080	\$ 3,970			
March	\$ 17,935	\$ 4,020	\$ 51,555	\$ 11,660	-77%
April	\$ 16,120	\$ 3,960			
May	\$ 14,440	\$ 4,110			
June	\$ 13,550	\$ 4,640	\$ 44,110	\$ 12,710	-71%
July	\$ 12,070	\$ 5,357			
August	\$ 11,200	\$ 5,120			
September	\$ 8,120	\$ 5,230	\$ 31,390	\$ 15,707	-50%
October	\$ 4,320	\$ 4,340			
November	\$ 4,090	\$ 3,205			
December	\$ 3,865	\$ 3,060	\$ 12,275	\$ 10,605	-14%

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