



WilkinGuttenplan
CPAs & Advisors

PPP UPDATES AND MAXIMIZING LOAN FORGIVENESS

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Today's Speakers



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MODERATOR



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Housekeeping

- The content of this webinar is based on the information that is currently available as of September 15, 2020
- To ask any questions please use the questions pane in the GoToWebinar dashboard on your screen. We will try to answer as many questions as possible at the end.
- This webinar is being recorded and will be uploaded on to www.wgcpas.com

Agenda

Recap on PPP Loan Basics & the
Impact of PPP Flexibility Act

Safe Harbors

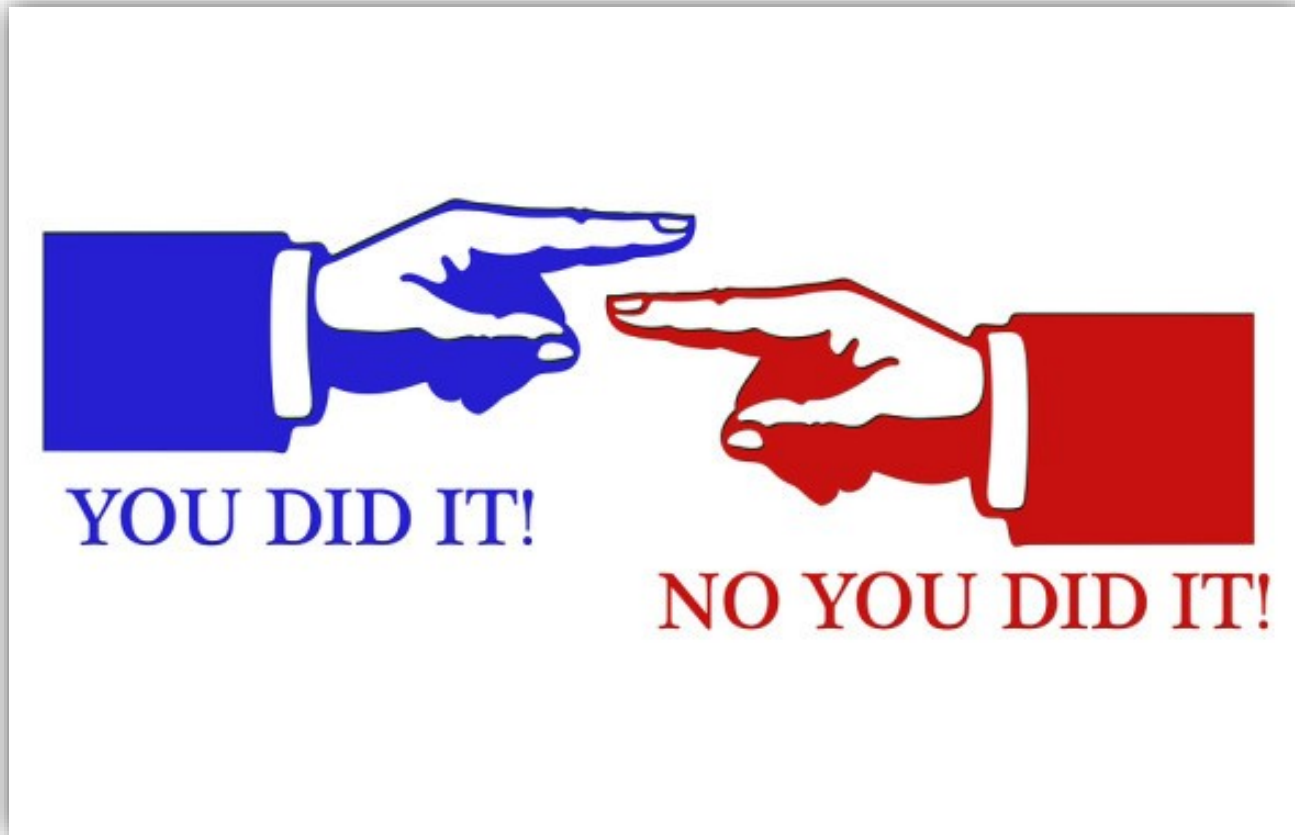
Applying for Forgiveness and
Completing the Application Form

WG's Electronic Tool

Maximizing Loan Forgiveness &
WG Recommendations



U.S. Faces Last Chance to Salvage Stimulus Deal as House Returns



Paycheck Protection Program Flexibility Act

- Signed into law on June 5, 2020
- Major changes to the terms of the original PPP
- Some borrowers were well into their 8-week covered period when this was passed

PPP Loan Forgiveness

The Basics

- Available for proceeds spent on qualifying costs paid or incurred during covered period or alternative payroll covered period
- Nonpayroll costs limited to **40%** of forgiveness amount
- Must apply for forgiveness with lender **within 10 months after the covered period ends**
- Lender has 60 days to issue a decision
- SBA has 90 days to remit forgiveness amount to lender

Loan Forgiveness

If the loan, or a portion of the loan, is not forgiven:

The interest rate shall be a
1% fixed rate

Loan is due in 2 or 5 years

Payments deferred until date
the SBA informs the lender of
the forgiveness amount

No prepayment penalties or
fees



Covered Period

- 24-week period, but borrowers can elect 8-weeks if received loan prior to June 5th
- Begins on date PPP loan proceeds received

Alternative Payroll Covered Period

- Applies to businesses with weekly or bi-weekly payrolls
- Borrower may elect to begin covered period for payroll costs on the first day of next pay period
- Not as relevant with extended 24-week period

Loan Forgiveness

Qualifying Costs

- Payroll costs (must be at least 60%)
- Any payment of interest on any covered mortgage obligation (excludes principal payments and prepayments). Mortgage must have been incurred **prior** to February 15, 2020
- Any payment on any covered rent obligation (lease must have been in force **prior** to February 15, 2020)
- Any covered utility payment for which service began **before** February 15, 2020

Forgivable Payroll Costs

- “Paid or incurred” during the covered period
- If utilizing ‘incurred’ payroll costs - must be paid no later than the first regular payroll date after the period
- Payments to furloughed employees qualify
- Bonuses and hazard pay also qualify

Payroll Costs Definition

The term 'payroll costs' means the sum of payments of any compensation with respect to employees that is a

- Salary, wage, commission, or similar compensation
- Payment of cash tip or equivalent
- Payment for vacation, parental, family, medical, or sick leave
- Allowance for dismissal or separation
- Payment required for the provisions of group health care benefits, including insurance premiums (includes vision and dental)
- Payment of any retirement benefit
- Payment of state or local tax assessed on the compensation of employees; and

Understanding Payroll Costs

‘Payroll costs’ shall not include:

- The compensation of an individual employee in excess of an annual salary of \$100,000, as prorated for the covered period (Capped at \$15,385 for 8-weeks or \$46,154 for 24-weeks)
- Any compensation of an employee whose principal place of residence is outside of the United States
- Qualified sick leave wages for which a credit is allowed under section 7001 of the Families First Coronavirus Response Act (Public Law 116–127)
- Qualified family leave wages for which a credit is allowed under section 7003 of the Families First Coronavirus Response Act (Public Law 116–127)

Limitations on Owner Compensation Amounts

Amount of loan forgiveness requested for owner-employees and self-employed individuals' payroll compensation is capped as follows:

- If electing the 8-week covered period, cap is \$15,385
 - $100,000/52 = 1,923.08 \times 8 \text{ weeks} = 15,385$
- If using 24-week covered period, cap is \$20,833
 - $100,000/12 = 8,333.33 \times 2.5 \text{ months} = 20,833$
- This cap is per individual in total across all businesses

Limitations on Owner Compensation Amounts

	2019 Limits (24-week)	State/Local Tax	Health Insurance	ER Retirement Contributions
C Corp (5% or more ownership stake)	2.5/12 of 2019 cash comp	Eligible, not part of cap	Eligible, not part of cap	Eligible, not part of comp, limited to 2.5/12 of 2019 amount
S Corp (5% or more ownership stake)	2.5/12 of 2019 cash comp	Eligible, not part of cap	Not eligible, including family member EEs	Eligible, not part of comp, limited to 2.5/12 of 2019 amount
Sole Proprietor/ Self-Employed Sch C	2.5/12 of 2019 net profit	Not eligible	Not eligible	Not eligible
General Partners	2.5/12 of 2019 SE income multiplied by .9235	Not eligible	Not eligible	Not eligible



Forgivable Nonpayroll Costs

- Paid or incurred during the covered period
- If using 'incurred' amounts, must be paid by next regular billing date
- Advanced payment of interest on mortgage loans do not qualify

Nonpayroll Costs

Mortgage Interest

- Interest on mortgages on real property
- Interest payments on debt for personal property such as auto loans
- Principal payments do not qualify
- Mortgage must have been incurred prior to February 15, 2020

Nonpayroll Costs

Lease Payments

- Payments on leases of real property
- Leases of personal property qualify
- Lease agreement must be in force prior to February 15, 2020

Additional Guidance

Leases & Related Payments

- Amounts attributable to the business operation of a tenant or sub-tenant of the PPP borrower or, in the context of home-based businesses, household expenses, are not eligible for forgiveness
- The forgivable portion of related party rent payments is limited to the amount of mortgage interest owed on the property during the covered period (note: mortgage interest payments to a related party are not eligible)

Nonpayroll Costs

Utilities

- Electricity
- Gas
- Water
- Transportation
- Telephone
- Internet
- Service must have begun **before** February 15, 2020

Full-Time Equivalent Limitation

The amount of loan forgiveness shall be reduced, but not increased, by utilizing one of these two methods:

Amounts paid
for select
expenses

X

average FTE employees per month during the covered or
alternative payroll covered period

average FTE employees per month during the period beginning
on **February 15, 2019 and ending on June 30, 2019**

or

Amounts paid
for select
expenses

X

average FTE employees per month during the covered or
alternative payroll covered period

average FTE employees per month during the period beginning
on **January 1, 2020 and ending on February 29, 2020**

Note: there is an adjustment for seasonal employers

Full-Time Equivalent Employees

- Based on 40-hour work week
- Full-time employees count as 1 regardless of number of hours
- Two options for calculating part-time employees
 - Calculate based on a decimal for each part-time employee
 - Use .5 for each part-time employee

Limitation for Reduction in Salary

Reduction related to salaries and wages:

- The amount of loan forgiveness shall be reduced by the amount of any reduction in total salary or wages of any employee (note 1) during the covered period that is in excess of 25 percent of the total salary or wages of the employee during the most recent full quarter during which the employee was employed before the covered period
- Note 1 – in this context, the law defines an employee as any employee who did not receive, during any single pay period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000

Preventing FTE ‘Penalties’

FTE Reduction Safe Harbor 1

- Borrower, in good faith, is able to document that they 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
- Issued 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



Preventing FTE 'Penalties'

FTE Reduction Safe Harbor 2

Both of the following conditions must be 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 the earlier of December 31, 2020 or the date the application is submitted, to its FTE employee levels in the Borrower's pay period that included February 15, 2020

Preventing FTE 'Penalties'

FTE Reduction Exceptions (calculated for each employee)

- (1) any positions for which the Borrower offered to rehire an individual who was an employee on February 15, 2020 and the Borrower was unable to hire similarly qualified employees for unfilled positions on or before December 31, 2020;
- (2) any positions for which the Borrower offered to restore any reduction in hours and the employee rejected the offer, and
- (3) any employees who (a) were fired for cause, (b) voluntarily resigned, or (c) voluntarily requested and received a reduction of their hours

In all of these cases, FTE exception only applies if the position was not filled by a new employee.

Preventing FTE 'Penalties'

FTE Reduction Exceptions (continued)

For employees refusing to return to work:

- Must maintain records documenting the offer and its rejection; and
- Must have informed the applicable state unemployment insurance office of such employee's rejected offer of reemployment within 30 days of the employee's rejection of the offer

Exceptions to Reduction in Salary/Hourly Wage Limitation

- Reduction is due to a reduction in FTE employees (i.e. not getting penalized twice)
- Salary/Hourly Wage Reduction Safe Harbor
 - Average annual salary or hourly wage was reduced between February 15, 2020 and April 26, 2020
 - The salary or hourly wage has been restored as of the earlier of December 31, 2020 and the date the application is submitted

In order to request forgiveness:

- Application submitted to the lender
- Include documents to verify payroll and nonpayroll expenses
- You must certify that the documents are true
- The lender **must** make a decision on the forgiveness within 60 days and submit to the SBA
- The SBA then has 90 days to make the final determination and inform the lender

For Federal tax purposes, the amount of debt forgiveness shall be excluded from gross income.

Audits and Appeals


- SBA will review all loans in excess of \$2 million, in addition to other loans as appropriate
- The SBA has established a process for PPP borrowers and lenders to appeal certain SBA loan review decisions under the PPP to the SBA Office of Hearings and Appeals

The Application Form

5 page document released by SBA on June 16th

- Page 1: Company information and 'Forgiveness Amount Calculation'
- Page 2: Representations and Certifications
- Page 3: PPP Schedule A
- Page 4: PPP Schedule A Worksheet
- Page 5: Optional Demographic Information

The Application Form – Page 1

 Paycheck Protection Program
Loan Forgiveness Application Revised June 16, 2020

OMB Control Number 3245-0407
Expiration Date: 10/31/2020

PPP Loan Forgiveness Calculation Form

Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
Business Address		Business TIN (EIN, SSN)	Business Phone
		Primary Contact	E-mail Address

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

PPP Loan Amount: _____ PPP Loan Disbursement Date: _____

Employees at Time of Loan Application: _____ Employees at Time of Forgiveness Application: _____

EIDL Advance Amount: _____ 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: _____ to _____

Alternative Payroll Covered Period, if applicable: _____ to _____

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

Forgiveness Amount Calculation:

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: _____

Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions

Line 5. Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 3): _____

Line 6. Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5: _____

Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13): _____

Potential Forgiveness Amounts

Line 8. Modified Total (multiply line 6 by line 7): _____

Line 9. PPP Loan Amount: _____

Line 10. Payroll Cost 60% Requirement (divide line 1 by 0.60): _____

Forgiveness Amount

Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10): _____

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Page 1

Company
Information

Forgiveness Amount
Calculation

The Application Form – Page 1

Company Information

PPP Loan Forgiveness Calculation Form

Business Legal Name ("Borrower")	DBA or Tradename, if applicable	
Business Address	Business TIN (EIN, SSN)	Business Phone
		() -
	Primary Contact	E-mail Address

SBA PPP Loan Number:

Lender PPP Loan Number:

PPP Loan Amount:

PPP Loan Disbursement Date:

Employees at Time of Loan Application:

Employees at Time of Forgiveness Application:

EIDL Advance Amount:

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:

to

Alternative Payroll Covered Period, if applicable:

to

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

The Application Form – Page 1

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs

Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10):

1,000,000

Line 2. Business Mortgage Interest Payments:

0

Line 3. Business Rent or Lease Payments:

0

Line 4. Business Utility Payments:

0

Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions

Line 5. Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 3):

0

Line 6. Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5:

1,000,000

Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13):

.75

Potential Forgiveness Amounts

Line 8. Modified Total (multiply line 6 by line 7):

750,000

Line 9. PPP Loan Amount:

500,000

Line 10. Payroll Cost 60% Requirement (divide line 1 by 0.60):


1,666,667

Forgiveness Amount

Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10):

500,000

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 **Paycheck Protection Program**
Loan Forgiveness Application Revised June 16, 2020

OMB Control Number 3245-0407
Expiration Date: 10/31/2020

By Signing Below, You Make the Following Representations and Certifications on Behalf of the Borrower:

The authorized representative of the Borrower certifies to all of the below by **initialing** next to each one.

☐ The dollar amount for which forgiveness is requested:

- was used to pay costs that are eligible for forgiveness (payroll costs to retain employees; business mortgage interest payments; business rent or lease payments; or business utility payments);
- includes all applicable reductions due to decreases in the number of full-time equivalent employees and salary/hourly wage reductions;
- includes payroll costs equal to at least 60% of the forgiveness amount;
- if a 24-week Covered Period applies, does not exceed 2.5 months' worth of 2019 compensation for any owner-employee or self-employed individual/general partner, capped at \$20,833 per individual; and
- if the Borrower has elected an 8-week Covered Period, does not exceed 8 weeks' worth of 2019 compensation for any owner-employee or self-employed individual/general partner, capped at \$15,385 per individual.

☐ I understand that if the funds were knowingly used for unauthorized purposes, the federal government may pursue recovery of loan amounts and/or civil or criminal fraud charges.

☐ The Borrower has accurately verified the payments for the eligible payroll and nonpayroll costs for which the Borrower is requesting forgiveness.

☐ I have submitted to the Lender the required documentation verifying payroll costs, the existence of obligations and service (as applicable) prior to February 15, 2020, and eligible business mortgage interest payments, business rent or lease payments, and business utility payments.


☐ The information provided in this application and the information provided in all supporting documents and forms is true and correct in all material respects. I understand that knowingly making a false statement to obtain forgiveness of an SBA-guaranteed loan is punishable under the law, including 18 U.S.C. 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 U.S.C. 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a Federally insured institution, under 18 U.S.C. 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.

☐ The tax documents I have submitted to the Lender are consistent with those the Borrower has submitted/will submit to the IRS and/or state tax or workforce agency. I also understand, acknowledge, and agree that the Lender can share the tax information with SBA's authorized representatives, including authorized representatives of the SBA Office of Inspector General, for the purpose of ensuring compliance with PPP requirements and all SBA reviews.


☐ I understand, acknowledge, and agree that SBA may request additional information for the purposes of evaluating the Borrower's eligibility for the PPP loan and for loan forgiveness, and that the Borrower's failure to provide information requested by SBA may result in a determination that the Borrower was ineligible for the PPP loan or a denial of the Borrower's loan forgiveness application.

☐ If the Borrower has checked the box for FTE Reduction Safe Harbor 1 on PPP Schedule A, the Borrower 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 of sanitation, social distancing, or any other work or customer safety requirement related to COVID-19.


The Borrower's eligibility for loan forgiveness will be evaluated in accordance with the PPP regulations and guidance issued by SBA through the date of this application. SBA may direct a lender to disapprove the Borrower's loan forgiveness application if SBA determines that the Borrower was ineligible for the PPP loan.

☐ 


Signature of Authorized Representative of Borrower

☐ 

Date

☐ 

Print Name

☐ 

Title

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Various Representations and Certifications

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**Paycheck Protection Program
Loan Forgiveness Application Revised June 16, 2020**

OMB Control Number 3245-0407

Expiration Date: 10/31/2020

PPP Schedule A Worksheet

Table 1: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of less than or equal to \$100,000 for all pay periods in 2019 or were not employed by the Borrower at any point in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
FTE Reduction Exceptions:				
Totals.		Box 1	Box 2	Box 3

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Table 2: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of more than \$100,000 for any pay period in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE
Totals:		Box 4	Box 5


Attach additional tables if additional rows are needed.

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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.

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 Paycheck Protection Program
Loan Forgiveness Application Revised June 16, 2020

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PPP Schedule A

PPP Schedule A Worksheet, Table 1 Totals

Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1:

Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1:

Line 3. Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1:
If the average annual salary or hourly wage for each employee listed on the PPP
Schedule A Worksheet, Table 1 during the Covered Period or the Alternative Payroll
Covered Period was at least 75% of such employee's average annual salary or hourly
wage between January 1, 2020 and March 31, 2020, check here ☐ and enter 0 on line 3.

PPP Schedule A Worksheet, Table 2 Totals

Line 4. Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2:

Line 5. Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2:

Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period

Line 6. Total amount paid or incurred by Borrower for employer contributions for employee health insurance:

Line 7. Total amount paid or incurred by Borrower for employer contributions to employee retirement plans:

Line 8. Total amount paid or incurred by Borrower for employer state and local taxes assessed on employee compensation:

Compensation to Owners

Line 9. Total amount paid to owner-employees/self-employed individual/general partners:
This amount may not be included in PPP Schedule A Worksheet, Table 1 or 2. If there is
more than one individual included, attach a separate table that lists the names of and
payments to each.

Total Payroll Costs

Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9):

Full-Time Equivalency (FTE) Reduction Calculation
If you satisfy any of the following three criteria, check the appropriate box, skip lines 11 and 12, and enter 1.0 on line 13; otherwise,
complete lines 11, 12, and 13:

No reduction in employees or average paid hours: If you have not reduced the number of employees or the average paid hours of
your employees between January 1, 2020 and the end of the Covered Period, check here ☐.

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 ☐.

FTE Reduction Safe Harbor 2: If you satisfy FTE Reduction Safe Harbor 2 (see PPP Schedule A Worksheet), check here ☐.

Line 11. Average FTE during the Borrower's chosen reference period:

Line 12. Total Average FTE (add lines 2 and 5):

Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if any of the above criteria are met:

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PPP Schedule A

- Information flows through from page 4, PPP Schedule A Worksheet
- Required to be submitted

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Paycheck Protection Program
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PPP Schedule A

PPP Schedule A Worksheet, Table 1 Totals

Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1:

Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1:

Line 3. Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1:
If the average annual salary or hourly wage for each employee listed on the PPP
Schedule A Worksheet, Table 1 during the Covered Period or the Alternative Payroll
Covered Period was at least 75% of such employee's average annual salary or hourly
wage between January 1, 2020 and March 31, 2020, check here ☐ and enter 0 on line 3.

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PPP Schedule A Worksheet, Table 2 Totals

Line 4. Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2:

Line 5. Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2:

Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period

Line 6. Total amount paid or incurred by Borrower for employer contributions for employee health insurance:

Line 7. Total amount paid or incurred by Borrower for employer contributions to employee retirement plans:

Line 8. Total amount paid or incurred by Borrower for employer state and local taxes assessed on employee compensation:

Compensation to Owners

Line 9. Total amount paid to owner-employees/self-employed individual/general partners:
This amount may not be included in PPP Schedule A Worksheet, Table 1 or 2. If there is more than one individual included, attach a separate table that lists the names of and payments to each.

Total Payroll Costs

Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9):

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Full-Time Equivalency (FTE) Reduction Calculation

If you satisfy **any** of the following three criteria, check the appropriate box, skip lines 11 and 12, and enter 1.0 on line 13; otherwise, complete lines 11, 12, and 13:

No reduction in employees or average paid hours: If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check here ☐.

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 ☐.

FTE Reduction Safe Harbor 2: If you satisfy FTE Reduction Safe Harbor 2 (see PPP Schedule A Worksheet), check here ☐.

Line 11. Average FTE during the Borrower's chosen reference period:

Line 12. Total Average FTE (add lines 2 and 5):

Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if any of the above criteria are met:

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Paycheck Protection Program
Loan Forgiveness Application Revised June 16, 2020

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PPP Borrower Demographic Information Form (Optional)

Instructions

1. **Purpose.** Veteran/gender/race/ethnicity data is collected for program reporting purposes only.
2. **Description.** This form requests information about each of the Borrower's Principals. Add additional sheets if necessary.
3. **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.
4. **Principal Name.** Insert the full name of the Principal.
5. **Position.** Identify the Principal's position; for example, self-employed individual; independent contractor; sole proprietor; general partner; owner; officer; director; member; or key employee.

Principal Name		Position
Veteran	1=Non-Veteran; 2=Veteran; 3=Service-Disabled Veteran; 4=Spouse of Veteran; X=Not Disclosed	
Gender	M=Male; F=Female; X=Not Disclosed	
Race (more than 1 may be selected)	1=American Indian or Alaska Native; 2=Asian; 3=Black or African-American; 4=Native Hawaiian or Pacific Islander; 5=White; X=Not Disclosed	
Ethnicity	H=Hispanic or Latino; N=Not Hispanic or Latino; X=Not Disclosed	

The Application

- Documents to be submitted:
 - PPP Loan Forgiveness Calculation Form
 - PPP Schedule A
 - Supporting payroll documentation
 - Supporting FTE calculation documentation
 - Supporting nonpayroll documentation
- Documents that do not need to be submitted must be maintained for 6 years:
 - PPP Schedule A Worksheet and underlying documents to support those figures
 - Documentation supporting any safe harbor calculations
 - Documentation regarding employees refusing to work and other FTE Reduction Exception circumstances
 - All records related to obtaining the initial PPP loan

Forgiveness in Practice


Practical considerations:

- 8-week vs 24-week
- Covered Period versus Alternative Payroll Covered Period
- Full-time equivalency (FTE) calculations using the standard methodology versus the simplified method
- FTE Reduction Safe Harbors
- Wage/salary reduction Safe Harbor

Best way to maximize forgiveness?

Calculate it!

WG's PPP Solution

	D	E	F	G	H	I	J	K	L
9			Client Name						
10			Date of First Disbursement From Lender:		4/19/2020	Standard / Simplified Method:		Standard	
11			Loan Amount:		\$1,000,000	Covered / Alternative Covered Period:		Covered	
12			Seasonal Employer?		No	Elect 8-week Covered Period		No	
13									
14			Average Full-Time Equivalency			FTE Reduction Safe Harbor			
15			FTEs During Covered Period:	FTEs During Reference Period:	FTEs During Reference Period:	FTEs During Reference Period:	FTEs During Reference Period:	FTEs During Reference Period:	FTE Reduction Exceptions (only if position not filled)
16			4/19/2020 - 10/3/2020	2/15/2019 - 6/30/2019	1/1/2020 - 2/29/2020	As of 2/15/2020	2/15/2020 - 4/26/2020	As of 08/28/2020	
17			30.7	33.9	33.9	34.3	24.9	36.2	0.4
18			0.4	0.0	0.0	0.0	0.0	1.0	
19			N/A	0.9	0.4	0.0	0.0	0.0	
20			0.2	0.0	1.0	1.0	0.6	0.0	
21			0.9	0.0	0.9	1.0	0.6	1.0	
22			0.7	0.0	0.6	0.7	0.5	1.0	
23			N/A	0.0	0.0	0.0	0.0	0.0	
24			0.8	0.0	0.8	1.0	0.6	1.0	
25			1.0	1.0	1.0	1.0	1.0	1.0	
26			N/A	0.0	0.0	0.0	0.0	0.0	
27			N/A	0.2	0.0	0.0	0.0	0.0	
28			N/A	0.0	0.0	0.0	0.0	0.0	
29			1.0	1.0	1.0	1.0	0.8	1.0	
30			0.7	1.0	1.0	1.0	0.6	0.9	Voluntary Resignation
31			1.0	1.0	1.0	1.0	0.7	1.0	
32			0.9	1.0	1.0	1.0	0.7	1.0	Fired For Cause

Average FTE Quotient Calculation

April 21, 2020 - June 16, 2020	130.1	✓ 150.23%
February 15, 2019 - June 30, 2019	86.6	

Average Salary / Hourly Wage Salary / Hourly Wage Reduction Calculation							Salary / Hourly Wage Reduction Safe Harbor		
Salary / Hourly	Covered Period: 4/21/2020 - 6/16/2020	Quarter 1 2020: 1/1/2020 - 3/31/2020	Received a 2019 Annualized Payment > \$100K	Salary / Hourly Wage Reduction (%)	Salary / Hourly Wage Reduction in Excess of 25%	Salary / Hourly Wage Reduction	Salary / Hourly Wage As of 2/15/2020	Salary / Hourly Wage 2/15/2020 - 4/26/2020	Salary / Hourly Wage As of 6/30/2020
						20,998			
H	22.00/hr	22.00/hr		-	-		22.00/hr	22.00/hr	
H	12.00/hr	11.98/hr		-	-		12.00/hr	12.00/hr	
S	38,412	32,747		-	-		36,541	37,937	
S	34,309	29,811		-	-		35,350	34,880	37,000
H	21.00/hr	21.00/hr		-	-		21.00/hr	21.00/hr	
H	12.00/hr	-		-	-				
S	27,950	32,918	X	15.09%	-		49,642	19,509	45,923
H	15.00/hr	15.00/hr		-	-		15.00/hr	15.00/hr	
H	12.00/hr	12.00/hr		-	-		12.00/hr	12.00/hr	
S	92,644	81,201	X	-	-		91,500	94,234	
S	87,000	74,571	X	-	-		87,000	87,000	
H	12.35/hr	12.07/hr		-	-		12.00/hr	12.08/hr	
S	73,920	-	X	-	-		-	N/A	
S	41,489	36,048		-	-		41,933	41,940	
S	79,851	65,444		-	-		76,547	75,371	80,000
S	8,243	-		-	-		-	N/A	
S	33,000	28,286		-	-		33,000	33,000	
H	12.00/hr	12.00/hr		-	-		12.00/hr	12.00/hr	
H	55.97/hr	79.30/hr		29.42%	3.51/hr	124		147.36/hr	12.00/hr
S	14,677	-		-	-		-	N/A	
S	3,959	29,795		86.71%	18,387	2,829	33,978	32,476	-
H	12.00/hr	-		-	-				
S	33,522	27,922		-	-		32,240	33,246	
S	102,409	82,330	X	-	-		100,462	97,686	99,640
S	57,000	63,714	X	10.54%	-		57,000	57,000	
S	33,840	28,567		-	-		32,700	33,454	

WG's PPP Solution

	B	C	D	E	F
1	Paycheck Protection Program				
2	Payroll Costs Journal				
3					
4					
5					
6					
7	Payroll Costs Journal				
8					
9	Amount Available for Payroll Costs (60%)		750,000		
10	Amount Used		672,237		
11	Remaining Amount left for Payroll Costs		77,763		
12					
13					Cumulative
14	Date Paid	Expense	Expense Category	Amount	Total
16	08/28/2020	SUI / DIS (ER)	State/Local Taxes (ER)	963	963
17	08/28/2020	Retirement Contributions (ER)	Health Care Benefits (ER)	453	1,416
18	08/18/2020	SUI / DIS (ER)	State/Local Taxes (ER)	12	1,428
19	08/14/2020	SUI / DIS (ER)	State/Local Taxes (ER)	990	2,418
20	08/14/2020	Retirement Contributions (ER)	Health Care Benefits (ER)	358	2,776
21	07/31/2020	SUI / DIS (ER)	State/Local Taxes (ER)	1,084	3,860

WG's PPP Solution



WilkinGuttenplan

CPAs & Advisors

PPP Expense Journal

*The percentages calculated below are provided only to assist with PPP expense tracking and should not be relied upon as authoritative advice for loan forgiveness.

Date Loan Proceeds Rec'd: 4/19/2020

Loan Amount: 1,000,000

Totals: 30,000.00 17,500.00

* 63.2% 36.8%

Cumulative

Date Paid	Invoice #	Check #	Vendor	Expense Description	Expense Category (Client)	Payroll Costs	Other Costs	Total
5/1/2020	456	1003	Horizon	May health insurance	Health Care Benefits (Gross)	10,000.00		10,000.00
5/15/2020	789	1007	PSEG	April electric	Utilities		1,500.00	11,500.00
5/31/2020	123	1015	East Brunsick Sewer	May sewer	Utilities		1,000.00	12,500.00
6/15/2020	1255	1020	Horizon	June Health Insurance	Health Care Benefits (Gross)	10,000.00		22,500.00
6/30/2020	1224	1021	Rents r Us	June rent	Rent Expense		15,000.00	37,500.00
7/15/2020	1448	1035	Horizon	July Health Insurance	State/Local Taxes (ER)	10,000.00		47,500.00

	Salary	Hourly	Salary
	14,677	12.00/hr	33,522
	-	-	27,922
	13.29%		120.06%
	13.29%		enter zero in the column above box 3 for that employee
	33,978		
	32,476		
	proceed to 2c		
	-		
	proceed to step 3		
	22,346		
	18,387		
	147,099		
	2,829		

PPP Schedule A Worksheet

Table 1

Employee Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
		2,270	0.3	-
		2,044	0.4	-
		5,910	1.0	-
		5,278	1.0	-
		1,393	0.2	-
		821	0.2	-
		1,669	0.3	-
		1,449	0.3	-
		3,128	0.6	-
		6,383	1.0	-
		12,285	1.0	-
		1,268	1.0	-
		5,077	1.0	-
		1,194	0.2	-
		3,467	0.2	124
		2,258	1.0	-
		609	1.0	2,829
		327	0.1	-
		5,157	1.0	-
		5,206	1.0	-
		7,672	1.0	-
		1,698	1.0	-
		7,135	0.3	-
		6,309	1.0	-
		5,692	1.0	-
		543	0.1	-
		12,008	1.0	-
		1,507	0.1	-
		1,197	0.1	-
		3,786	0.8	-

FTE Reduction Safe Harbor:

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:

119.3

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:

116.3

Step 3. If the entry for step 2 is greater than step 1, proceed to step 4. Otherwise, the FTE Reduction Safe Harbor is not applicable and the Borrower must complete line 13 of PPP Schedule A by dividing line 12 by line 11 of that schedule.

Safe Harbor Not Applicable

Step 4. Enter the borrower's total FTE as of June 30, 2020:

N/A

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 has been satisfied. Otherwise, the FTE Reduction Safe Harbor does not apply and the Borrower must complete line 13 of PPP Schedule A by dividing line 12 by line 11 of that schedule.

Borrower must complete line 13 of PPP Schedule A by dividing line 12 by line 11 of that schedule.

Table 2

Employee Name	Employee Identifier	Cash Compensation	Average FTE
		4,300	1.0
		14,253	1.0
		13,385	1.0
		11,372	1.0
		15,755	1.0
		8,769	1.0
		14,489	1.0
		14,192	1.0
		16,332	1.0
		8,692	1.0
		13,564	1.0
		11,940	1.0
		12,308	1.0
		14,562	1.0
		11,905	1.0
		13,846	1.0
		19,692	1.0
		11,261	1.0
		14,827	1.0

Key Open Issues

- FTE reduction not materially impacting forgiveness – is this intentional?
- Tax deductibility of expenses / timing of filing 2020 tax returns
- Additional rounds of funding or extension of time
- What does the audit process entail?
- How to prove the loan was ‘necessary’

WG Insights

- Do not rush to apply for forgiveness
- Do what makes the most 'business sense'
- Ensure you have the appropriate documentation **prior** to applying
- Work with WG in order to maximize forgiveness, taking advantage of opportunities such as:
 - Prepaying expenses before covered period ends
 - Properly accruing additional amounts at end of covered period
 - Considering the simplified method for FTE calculations
 - Comparing different scenarios

Thank you!



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