SBA Loan Opportunities and Forgiveness – Your Top Questions Answered

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Our Presenters

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Webinar Details

• Webinar will be recorded
• All attendees will be placed on mute
• Questions may be input into the Questions Box within GOTOWEBINAR

• SHRM Certified Course*
The information presented today is provided for educational purposes and should not be considered legal advice.
1. Payroll Network Reminders

2. Maximizing Loan Forgiveness of PPP Loans
   • Qualifications
   • Allowed Uses of PPP Loan Proceeds
     • Employee Compensation
     • Headcount
   • Getting Prepared for Forgiveness

3. Q&A
Reporting Opportunities

- Cares Payroll Protection Report
- ACA Large Client Compliance Report
- FFCRA Average Hours and Wage Report
- FFCRA Business Credits
- Employee Retention Tax Credit Report
- Payroll Summary / Payroll Register

Coming Tomorrow:
- Payroll Protection Forgiveness Report
- FTE by Hours Paid
The intent of this report is to allow the user to enter a date range and an hours threshold for the report to calculate the number of Full-Time Equivalents (FTEs).

Options to identify:

- Date range
- Use of period end date or check date in the calculation
- Hours threshold for the date range selected
  - The hours will need to be entered to coincide with the date range, so for example, if the weekly hours threshold is 30 to determine an FTE and the report is run with a date range that spans 4 weeks, 120 will be the value in the hours threshold

Available to run by pay group
The first draft is based on initial guidance received and we anticipate that changes will need to be made to this report as we receive further guidance on how the loan forgiveness will be calculated.

Maximizing Forgiveness and PPP Loans

Top Questions Answered
Availability of the PPP Funding

- New bill provides an additional $320 billion for PPP loans
- $30 billion is set aside for loans made by Insured Depository Institutions and Credit Unions with assets between $10 billion and $50 billion
- $30 billion set aside for loans made by CDFI’s (Community Development Financial Institutions Fund), small insured depository institutions, and credit unions with assets less than $10 billion
- Additional $50 billion for Economic Injury Disaster Loan (“EIDL”) Program
- Additional $10 billion for EIDL grants
How will the amount of loan forgiveness be determined, and can a PPP loan be fully forgiven?
Forgiveness Qualifications

- Payroll
- Mortgage Interest
- Funds
- Rent
- Utilities
Loan Forgiveness

- 75/25 Rule
- Expenses over 8 weeks
- Staffing Requirements
- Pay Requirements
- Rehiring Grace Period

- *Pending – Tax Income guidance
Question #2

How are “Payroll Costs” defined?
Forgiveness Qualifications

75%
- Compensation (salary, wages, commissions, tips)- up to $100,000 prorated
- State and local taxes assessed on compensation
- Costs related to continuation of group health care benefits during periods of paid sick, medical or family leave, and insurance premiums

25%
- Payments of interest (not principal) for existing mortgages
- Rent (including under a lease agreement)
- Utilities
- Interest on other debt incurred before 2/15/20
Under the PPP, payroll costs exclude:

- Wages over $100,000 per employee (prorated for the covered period).
- Employees who live outside of the U.S.
- FFCRA Paid Sick and Family Leave Wages.
- The Employer’s share of federal taxes.
- Payments to independent contractors.
When does the 8-week measurement period begin?
The eight-week period begins on the date the lender makes the first disbursement of the PPP loan to the borrower. The lender must make the first disbursement of the loan no later than ten calendar days from the date of loan approval.

“Covered Period”
How do I measure that my business has maintained staffing levels?
Loan Forgiveness

Time Period #1
• February 15 through June 30, 2019

Time Period #2
• January 1, 2020 to February 29, 2020

Avg. FTE Employees during 8-week period = Ratio of Employees Retained*
Avg. FTE Employees pre-pandemic

*You then multiply this calculated ratio by the amount of eligible forgiveness to calculate the final amount eligible for forgiveness.
If I laid off workers, do I need to rehire the same employees to meet the payroll requirement?
Question #6

Should I keep my funds in a separate PPP bank account?
Question #7

I have received my PPP funding, what do I do now?
• Detailed Record Keeping:
  • Track, document, categorize all expenses
  • Keep all receipts, invoices and records of payments
• Use at least 75% on payroll costs during the 8 weeks after loan receipt
• Spend the loan proceeds, or incur qualifying costs, within 8 weeks of loan receipt
• Only use the PPP loan for permitted uses
• Maintain pay levels
• Maintain staffing levels (FTE)
• Reverse any reductions in staffing levels by June 30, 2020.
How do I apply for Loan Forgiveness?
For More Information, Please Contact:

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