

PPP Loan Forgiveness: What You Should Be Doing

Day
1

- Set up separate accounts and/or spreadsheets to track loan proceeds and eligible expenses
- Estimate eligible expenses that will be incurred and paid within 8 weeks from loan disbursement, ensure at least 75% of such expenses are payroll costs*
- Estimate eligible expenses for rent, leases, utilities and interest that will be paid and incurred within 8 weeks of the loan disbursement**
- Separately determine average Full Time Equivalent (FTE) employees for the periods of 2/15/19-6/30/19 and 1/1/20-2/29/20^
- Document employee pay by employee for the last full quarter before the date the loan is disbursed^^

In
30 Days

- Check with business adviser for any updated forgiveness guidance
- Track FTEs to determine if there has been a decrease from the comparable period (determined above); any decreases will need to be eliminated by 6/30/20
- Monitor employee pay to ensure no reductions in pay of more than 25%
- Review eligible expenses paid and incurred to date, project additional eligible expenses for remainder of 8 week period (ensure 75% of such expenses are payroll costs)
- Gather payroll reports, invoices, receipts, canceled checks and other evidence to substantiate eligible expenses paid and incurred

At The End of
8-Weeks

- Review final forgiveness guidance with lender and business adviser
- Review current FTEs against comparable period to determine if there has been a decrease; any decreases will need to be eliminated by 6/30/20
- Document eligible expenses paid and incurred for the 8-week period
- Gather payroll reports, invoices, receipts, canceled checks and other evidence to substantiate eligible expenses paid and incurred
- Complete application for loan forgiveness and submit to lender with supporting documentation

*Payroll Costs Include: Cash compensation (up to pro-rata equivalent of \$100K annually per employee), Health & Dental Insurance, HSA Contributions, Retirement Plan Contributions, SUTA

**Non-payroll costs may make up to 25% of total loan forgiveness, with related contracts entered into before 2/15/20

^Forgiveness decreases when employee count is reduced from one of the comparable periods, with rehiring available through 6/30/20 to offset the decrease

^^Forgiveness also decreases by any reduction in pay over 25% for any employees making less than \$100K annually

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