

# **Business SBA PPP Loan Forgiveness Application Questions & Answers**



## Disclaimers

- Information continues to be clarified and subject to change
- We are not providing legal advice
- We offer general ideas & considerations, but each organization's situation is different

# Loan Forgiveness Application

- Loan Forgiveness Application, including certifications, and instructions
- Schedule A and instructions
- Schedule A Worksheet and instructions
- Documents to submit with application
- Demographic information form (optional)

## Covered Period

- Eight-week period starting on the date the loan funds are received

OR

- Alternative payroll covered period
  - Payroll period must be weekly or biweekly
  - Period begins on first day or the first pay period after receiving the loan funds

# Schedule A Worksheet

- Table 2 applies to employees receiving an annualized rate of return of more than \$100,000 for **any** pay period in 2019.

- Example: Bi-weekly payroll

Employee receives a raise in November 2019 and salary per each payroll is now \$3,900

$\$100,000 / 26 \text{ pay periods} = \$3,846$

Employee reported in table 2

## Schedule A Worksheet

- Cash compensation includes gross salary, gross wages, gross tips, gross commissions and paid leave not covered by the Families First Coronavirus Response Act (FFCRA)
- Cash compensation cannot exceed \$15,385 for an employee

# Schedule A Worksheet

- Average FTE
  - Calculated for covered period or alternative payroll covered period
  - Calculated as average hours paid per week divided by 40 (i.e. 30 hour average / 40 = .8, rounded)
  - Alternative calculation is to assign
    - 1.0 employees working 40 hours or more per week
    - 0.5 employees who work fewer than 40 hours per week

# Schedule A Worksheet

- Salary/hourly wage reduction
  - Only applicable for employees whose salaries or hourly wages were reduced by more than 25% during the covered period or alternative payroll covered period as compared to period of 1/1/20 through 3/31/20
  - If applicable 3 steps to follow in Schedule A Worksheet instructions for the applicable employees



## Schedule A

- Lines 1 through 5 from the Schedule A Worksheet
- Lines 6 through 8 based on amounts paid
  - Health insurance
  - Retirement plans
  - State and local employer taxes
- Line 9 is not applicable
- Line 10 total of payroll costs

## Schedule A

- Line 11 FTE during chosen reference period  
(uses same FTE method as Schedule A Worksheet)
- Line 12 total FTE from both Schedule A  
Worksheet tables
- Line 13 calculation or FTE Safe Harbor of 1.0

# FTE Calculations

- Are calculated for multiple periods
  - 8 weeks of covered period, or alternative payroll covered period (line 12 Schedule A)
  - Selected reference period (line 11 Schedule A)
    - 2/15/19 to 6/30/19
    - 1/1/20 to 2/29/20
    - (Seasonal only) any 12 week consecutive period between 5/1/19 and 9/15/19
  - Payroll period that includes 2/15/20 (safe harbor)
  - Period 2/15/20 through 4/26/20 (safe harbor)
  - 6/30/20 (safe harbor)

## FTE Reduction Relief

- Employee declines employer's good-faith, written offer to rehire the employee during the covered period
- Employee terminated for cause
- Employee voluntarily resigns
- Employee voluntarily requests and receives a reduction of hours

## FTE Safe Harbor

- FTE Reduction Safe Harbor applies if **both** conditions are met
  1. Organization reduced its FTE employee levels in the period beginning February 15, 2020 and ending April 26, 2020
  2. Organization restored its FTE employee levels by not later than June 30, 2020 to its FTE employee levels in the pay period that included February 15, 2020

# Loan Application

- EIDL advance amount and EIDL application number required
- Line 1 is payroll costs from Schedule A
- Lines 2 through 4 are non-payroll costs
  - Mortgage Interest
  - Rent
  - Utilities

# Loan Application

- Lines 5 through 7 are the FTE and salary/wage reduction calculation. Amounts used are from Schedule A.
- Lines 8 through 10 are potential forgiveness
  - Total from calculations included FTE and salary/wage reductions
  - PPP loan amount
  - Maximum loan amount for reported payroll costs being 75% of the forgiveness

# Resources

- COVID-19 Resource Center -  
<https://www.wegnercpas.com/wegner-resources/covid-19/>
- Summary of COVID-19 Resources for NFP -  
<https://www.wegnercpas.com/covid-19-news-and-resources-for-non-profits/>
- AICPA resources and calculator
- <https://www.aicpa.org/interestareas/privatecompaniespractice/qualityservicesdelivery/sba-paycheck-protection-program-resources-for-cpas.html>



# Thank You!

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