

Paycheck Protection Program Updates

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

PPP News and Stats

- Deadline for applying extended to August 8
 - Must pass House and be signed by the President, but this is likely
- Over \$130 billion remains unspent
- 4,856,647 loans approved with an average loan size of \$107,199
- Expect to see information released on any borrower who received a loan in excess of \$150,000, potentially by this Thursday
 - Exact loan amount will not be disclosed,

PPP Flexibility Act changes

Area	Before the Act...	Now with the Act...
When You Can Use the Loan Proceeds Through	Officially June 30 although there were implications you could go further	December 31, 2020
Forgiveness (aka “Covered”) Period	8 weeks	8 or 24 weeks (can stay with 8 if you already received a loan). Must end by Dec. 31, 2020
Deadline to Submit Forgiveness App. to Lender	Unknown	Effectively, up to 10 months from the end of your Covered Period
Spending Ratio	Had to spend at least 75% on payroll	Have to spend at least 60% on payroll, so can spend up to 40% on non-payroll costs
Avoiding Penalties	Had until June 30 th to rehire employees and restore salaries back to their Feb 15 th levels to avoid a penalty	Have until December 31st to rehire employees and restore salaries back to their Feb 15 th levels to avoid a penalty. There are some other new reduction exceptions as well.
Loan Term	2 years from loan disbursement	5 years from loan disbursement on new loans; for loans already disbursed, can mutually agree with your lender on this change
Access to Payroll Taxes Deferral	Could not have deferrals once granted forgiveness	Can still have deferrals even when granted forgiveness

PPP Loan Forgiveness Applications

- Standard form still includes Schedule A and Schedule A Worksheet
 - Calculate FTEs and annual salary/hourly wage reductions
- New EZ form is available for:
 - Self-employed, independent contractor, or sole proprietor with no employees, OR
 - No annual salary/hourly wage reductions by more than 25% AND no reduction in FTEs, OR
 - No annual salary/hourly wage reductions by more than 25% AND unable to operate during the covered period at the same level of business activity as before 2/15/20



**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: _____

Standard form

Includes Schedule A and
Schedule A Worksheet



**Paycheck Protection Program
PPP Loan Forgiveness Application Form 3508EZ**

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

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: _____

EZ form

Requires specific
documentation if utilizing
exception related to
operations

When can I apply for forgiveness?



- **When all funds have been used**
 - Determine forgiveness amount earlier
 - No reduction in wages greater than 25% during covered period
 - All loan proceeds used for eligible expenses with at least 60% used for payroll costs
 - Lose December 31st safe harbor to re-hire and/or re-instate wages
 - **At the end of the covered period**
 - December 31st safe harbor to re-hire and/or re-instate wages remains intact
 - More time to utilize funds
 - If any portion is not forgiven, more time to delay first payment
- Must apply for forgiveness within 10 months after the last day of the 24 week period (8 week period if opted in)***



What documents do I need?

- Submit with application
 - Payroll reports
 - Payroll tax filings (941, State Unemployment forms)
 - Receipts, cancelled checks or account statements for employer paid health insurance and retirement contributions
 - Documentation to support FTE calculations (standard for only)
 - Amortization schedules for mortgage interest
 - Receipts or cancelled checks for eligible services
 - Copy of current lease agreements
 - Copies of invoices
- Must maintain but not submit
 - Schedule A Worksheet and documentation supporting amounts
 - Written documentation regarding employee job offers and refusals
 - Documentation supporting the certification that the business was not able to operate at the same level due to compliance with health standards (EZ form)
 - Any records that support the borrower's necessity of the loan request, eligibility for the loan and request for forgiveness

KEEP ALL DOCUMENTS FOR AT LEAST 6 YEARS!



Owner-employee and self-employed payroll caps

- 8 week period option
 - 8/52 weeks worth of 2019 compensation capped at \$15,385
- 24 week period option
 - 2.5/12 months worth of 2019 compensation capped at \$20,833

Capped amounts are in total, across all businesses

Entity specifics

- C-Corporation
 - 2019 employee cash compensation and employer retirement and health insurance contributions
- S-Corporation
 - 2019 employee cash compensation and employer retirement contributions
 - Do not include employer health insurance as it is included in cash compensation amount
- Schedule C and F
 - Owner compensation replacement based on 2019 net profit
- General partners
 - 2019 net earnings from self-employment, reduced by claimed section 179 deduction, unreimbursed partnership expenses, and depletion from oil and gas properties

Tax implications

- Likely to change
- Forgiven portion of loan is tax exempt income
- Current IRS rule states that no deduction is allowed for an expense that's otherwise deductible if the payment of the expense results in forgiveness of a PPP loan

Resources

- COVID-19 Resource Center -
<https://www.wegnercpas.com/wegner-resources/covid-19/>
- SBA
<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program>
- AICPA resources and calculator
<https://www.aicpa.org/interestareas/privatecompaniespracticesection/qualityservicesdelivery/sba-paycheck-protection-program-resources-for-cpas.html>

Thank You!

Wegner CPAs
2921 Landmark Pl., Ste. 300
Madison, WI 53713
(608) 274-4020

Kate Serpe, CPA
kate.serpe@wegnercpas.com

Melodi Bunting, CPA, CMA, CGMA
Melodi.bunting@wegnercpas.com

www.wegnercpas.com



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