

PPP Forgiveness

SCORE ORLANDO

LOIS PERRY, LOIS.PERRY@SCOREVOLUNTEER.ORG

Overview

- Congratulation, if you are reading this document, you probably received a PPP LOAN. Last date to apply is **June 30, 2020**.
- Through this document, we will explain the process of getting this LOAN forgiven so it become a GRANT.
- Our approach will be simple
 - Why
 - How
 - When
- *Caution – although this information is provided to you for educational/planning purposes, work with your **bookkeeper** or **accountant** to determine your PPP Forgiveness. Situations will vary. SCORE is not responsible for errors or omissions.*
- *Also, note that program details have changed a few times. Seek the most recent guidance when you are ready to file.*

PPP Loan Forgiveness – The WHY

- **GOAL - Turn your LOAN into a GRANT**
 - If you received a PPP LOAN through a financial institution, congratulations. Recognize that not every applicant was approved. That puts you in a powerful group.
 - This LOAN was part of the CARES ACT of 2020 to put funds into the hands of businesses to keep their employees on the payroll. In fact, PPP stands for Paycheck Protection Program.
 - **BUT**, as of this point, this is a LOAN to you. Although the terms are very favorable, your goal is to provide information on your use of funds so this is forgiven and the LOAN turns into a GRANT. **That's your goal!**

PPP Loan Forgiveness – The HOW

- You should be documenting every expense paid from your PPP LOAN. If you haven't, note PPP on your entries in your accounts payable system so you know exactly what it was spent on.
- Good news is 2 changes were made mid June to make this process easier to achieve
 - - You can now take up to 24 weeks to use the money. Originally it was set at 8 weeks and many businesses were struggling to meet that timeline.
 - You can choose 8 or 24 weeks if loan funds received before 06/05/20. If funds obtain after June 5, 2020, it will be 24 weeks
 - - Secondly, you only have to use 60% of the funds for payroll. That leaves 40% to pay rent or mortgage interest, utilities, etc.

PPP Loan Forgiveness – The HOW

- First make a plan. It's best to work with your accountant or bookkeeping, but a simple worksheet is attached to help you plan.
 - One tab is a sample, second tab is for you to use
- Determine YOUR Start Date
 - - May be date funds arrive to you (not application date), or
 - - If you are mid pay periods you may elect to start the next payroll cycle.
 - Example, if you received your funds on May 12, but your next payroll cycle begins May 18, you may elect to start on May 18. Document your determined date, you will need it for paperwork!
- Calculate what 60% of your LOAN is. That's the minimum you have to spend on payroll. How many pay periods is this for you? Plan!
- The remaining 40% can be used for rent, utilities, mortgage interest
- See various calculators online such as <https://www.paychex.com/business-loans/loan-forgiveness-estimator>

PPP Loan Forgiveness – The HOW

- FTE – Full Time Equivalent Employees
 - As important as your spending categories, maintaining FTEs is critical
 - Goal of this program was to keep as many employees on the payroll,
 - How many FTEs did you report on your PPP Application
 - What is your FTE count when you apply for forgiveness
 - FTE is the sum of all hours worked divided by 40.
 - Ex. 6 employees working 20 hours per week each = 120 hours
 - Divided by 40 hours (FTE) = 3 Full Time Equivalent Employees
 - If your FTE at time to apply for forgiveness is less than your qualifying number you reported, your forgiveness will be reduced
 - See your accountant/bookkeeper for your situation

PPP Loan Forgiveness – The HOW

FTE Reduction Exemption and Safe Harbor Ruling

- Reductions that do not affect forgiveness (**require documentation**):
 - Made good-faith, written offer to rehire an employee and they refused
 - You terminated employee for cause or employee voluntarily resigned
 - An employee voluntarily requested a reduction in hours
- Deadline to re-hire staff based on your PPP loan application total # of staff is 12/31/20 or by the time of forgiveness application

PPP Loan Forgiveness – The HOW

- Download the PPP Forgiveness form at <https://www.sba.gov/document/sba-form-paycheck-protection-program-loan-forgiveness-application-revised-6-16-2020>
 - Note that links may change. Go to [sba.gov](https://www.sba.gov) and search PPP Forgiveness Form if above link does work
- This PPP Forgiveness Application is sent to the financial institution where you received the LOAN.
 - Watch your emails and mail for information from that financial institution on their Forgiveness Process
 - Go to the website for that financial institution, most all have a section available. For example, see <https://www.centerstatebank.com/ppp-loan-forgiveness/>

PPP Loan Forgiveness – The HOW

Items you need to complete the process:

- Payroll reports from payroll provider
- 2019 Payroll tax filings
- Schedule of employees
- State income, payroll & unemployment insurance filings
- Verification of retirement & health insurance contributions
- Verification of eligible interest, rent & utility statements
- EIDL Advance amounts / app #

PPP Loan Forgiveness – The WHEN

- Again, watch for communication for your financial institution on timing. They will determine when to start accepting these applications.
- If your institution is ready to accept, you can apply when you can document the use of the money per the rules of the program and your FTE Employees (Full Time Equivalent Employees) is equal to or greater than when you applied. If it is less, you will not qualify for the full forgiveness.
- Deadline to re-hire staff based on the application total # of staff is 12/31/2020
- Deadline to file is 10 months from date of last use of money. **Once you qualify, get it done!**

More Help?

- General Questions?
 - Lois Perry, SCORE Orlando, lois.perry@scorevolunteer.org
 - Raquel Perez, ELCOC, rperez@elcoc.org

- Specific Questions?
 - Your accountant or bookkeeper, or
 - Financial institution where loan was granted