

PPP Loan Forgiveness Update Webinar Q & A

June 25th, 2020

- 1. Has the forgiveness application changed again? If we complete the application can TAG review it before submission?**

The last change was on June 11th I believe. We will be preparing all the information for you to file the loan application.

- 2. If I received my loan on 5/8 and 5/8 was also our payroll date for the previous two weeks, can I include that in my forgiveness numbers? Or is it dollars earned beginning 5/8?**

It is payroll costs paid AND incurred in the covered period.

- 3. Is the owner compensation limit based on per owner or ownership compensation in total?**

It is based on compensation to each owner

- 4. Does any interest accrue on loan even if qualify for full forgiveness, between covered period start date and forgiveness submission/Safe Harbour date?**

It does but the new guidance is that the interest would be included in the forgiveness amount.

- 5. Are union payments part of the payroll cost?**

They are not included in the qualified payroll costs.

- 6. If a company submitted a PPP loan using the 2019 Payroll figures and they received PPP funds, however their payroll figures in 2020 prior to March 2022 is dramatically higher than 2019, can they apply for another PPP for additional funds?**

Right now, you can only have one PPP loan.

- 7. What if the owner receives compensation as salary and a distribution and if that salary is higher than 100K annualized? Do they still qualify for the maximum of \$46,154? Or would they be limited to \$20,833?**

Yes, the W2 income is what would be counted towards the forgiveness.

- 8. When is the last day to submit the forgiveness?**

The last day to submit would be Dec 31st, 2020.

- 9. When the PPP program was put together, employee benefits were broadly defined by the SBA: "...payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums ...". I know our data out of TAG included both employee and employer paid premium. It seems that the SBA has now refined it to employer paid only. Is this correct?**

That is correct.

10. If we have used our PPP funds should we go ahead and send in our loan forgiveness application now?

You have time to submit. If you would like us to review prior to submitting, please let us know.

11. Do you recommend, deferral or not?

We recommend deferral in general, but each business has it's own unique situation to consider.

12. Does the FTE count during the covered period, or are they looking outside the covered period?

Just the covered period.

13. Group Life-Group included?

Only the employer paid portion.

14. Is FTE still playing a role in forgiveness amounts?

Yes, it still does if you have reduced staff from your pre Feb 15th levels.

15. What is the maximum amount to be forgiven?

The maximum amount of forgiveness can be up to the original loan amount if you maintained salaries and FTE during the covered period.

16. How much should be the maximum for the sole owner compensation?

The maximum is \$15,385 for the 8 week period or \$20,833 for the 24-week period depending on your 2019 Net Income.

17. We changed our sales team competition in March not knowing about COVID. It resulted in a 25% decrease in base pay for one employee, but they are receiving commission that closes the gap and reduces the percentage. Would we recognize this as a reduction in pay or would the commission be sufficient to account for the difference? It's also the difference for us in doing the EZ application or not.

It is looked at as a total compensation for each employee. If you are within 25% of 2019 compensation, then you would be eligible for the EZ app as long as the FTE requirement is satisfied.

18. Payroll costs, what expenses listed on my TAG invoice are applicable? The whole invoice total (including salaries, commission, bonuses, payroll taxes, health costs, 401k, but excluding Work Comp)?

Salaries, commissions, bonuses, state payroll taxes, employer contributions to health, employer contributions to pension/retirement all count toward payroll costs.

19. "Documentation must be retained for 6 years after loan is repaid" - that's only is a portion, or all is not forgiven correct? Because if it's forgiven, then none is repaid is my understanding.

If it is all forgiven that that would be the first date for document retention.