



PPP Loan Forgiveness Webinar 2.0 - June 25, 2020

Questions Submitted By Registrants

- 1. Can we now count 24 weeks of payroll costs against our loan instead of the original 8 weeks?**
Yes, you can automatically use the 24 week covered period option. If your loan was approved before June 5, you also still have the 8 week covered period option.
- 2. Can we submit our application for forgiveness once we have incurred enough payroll costs covered by our loan? Or do we have to wait for the 24 week extended period?**
Yes, you can submit your forgiveness application after you have incurred and paid the amount of your loan on eligible costs as long as you aren't likely to be subject to the Full Time Equivalent Reduction Quotient.
- 3. Have you received any additional guidance on "transportation" costs?**
We have not found clear guidance on this topic and don't expect to as the new 24 week covered period gives borrowers much more flexibility to spend their entire loan amount on eligible expenses without having to include debatable expenses.
- 4. Got a bill from Ledgeview Sanitary District. Is that allowed, must it be prorated or not eligible?**
Sewer expenses are considered eligible utility expenses. Any sewer expense paid within the covered period is eligible and does not need to be prorated.
- 5. What happens if we kept our payroll #'s & employee counts up for the "initial 8 week period" & now we are faced with laying off employees due to loss of business, do we still need to keep our employee #'s up? How do we apply for forgiveness when the law is not final?**
If you use your entire PPP loan for eligible expenses during the 8 week covered period and have kept your headcount steady during that period, you can apply for forgiveness and not have your forgiveness amount reduced by the FTE Reduction Quotient.
- 6. How soon can we start the application process?**
We expect to launch the online application June 30. Visit our website for updates.
- 7. We won't have enough qualifying expenses after 8 weeks for the full loan but will after 10/12 weeks. If we don't do the 8 weeks, can we submit the form and documentation when we have it ready or do we need to wait 24 weeks then?**
As soon as you have spent all of your PPP funds on eligible expenses and all of the required documentation is available, you will be able to apply for forgiveness.
- 8. Employers now have 24 weeks to pay at least 60% of the loan proceeds out in wages. In addition, no single employee's wages during these 24 weeks can be reduced by more than 25% of what that employee was paid during the first quarter of 2019. True or False?**
True, however it is important to note that if any employee making less than \$100,000 annually has their salary reduced by more than 25% during the covered period, the amount of reduction beyond 25% for the covered period for all such employees will be deducted from the eligible forgiveness amount.
- 9. Is there a deadline the application needs to be submitted by in order for the loan to be forgiven (for both 8 week or 24 week options)?**
You will have up to 10 months after the end of the covered period to apply for debt forgiveness.

10. You may address this question as part of the initial presentation, but I thought I would ask just in case: Please touch base on Sole Proprietors/Single Member LLC's that were provided a PPP loan based on their previous year profits/Taxes.
These borrowers will need to show evidence they reimbursed themselves the appropriate amount of forgivable PPP funds-8/52 (capped at \$15,385) if using the 8 week covered period and 2.5 months worth of 2019 net income (capped at \$20,833) if using the 24 week covered period.
11. Can I apply 100% of the loan to payroll over 3 - 4 months?
Yes you can.
12. My accountant says that I may not be able to use my health insurance premiums because it is not a group plan. However, the farm pays for both families premiums. Can I use them?
The guidance specifically states that it must be a group health plan, not an individual plan.
13. Will business expenses paid with PPP funds be deductible by the business? *Current IRS guidance says no.* Will PPP funds that are forgiven be tax free income to the business? *Current IRS guidance indicates that yes, forgiven debt will be considered tax free income.*
14. If we elect the 24-week period and hit our limit early, can we apply for forgiveness before the 24 weeks are up? For example, if we know we're maxed at after 14 weeks, can we apply then or would we still need to wait the other 10 weeks.
Yes you can. See answer to question #2 for further clarification.
15. Are we better off submitting all our paperwork now if we have met all the requirements and used the full funds or should we wait?
It technically doesn't matter as long as you apply before the application deadline expires.
16. Does the EIDL grant need to be taken out of the PPP if you did not include it in the first place?
Yes, it will be deducted regardless of whether you included it in your application or not. The point is PPP forgiveness will be reduced by the amount of any EIDL grant.
17. Are there additional utility costs (i.e. garbage, security monitoring, live-streaming) other than what is stated in the SBA rules that could qualify?
No, and we don't expect there to be since the 24 week covered period option was created since most borrowers should be able to spend their PPP funds on expenses authorized by current rules.
18. We received our funds almost 8 weeks ago. Does our forgiveness application need to be in by the end of the 8 weeks since we received the funds? When do we need to have our forgiveness application in by?
You have up to 10 months after the end of your covered period to apply for forgiveness.
19. Is the application available now?
We expect the digital application will be available next week (6/30/2020).
20. If you choose to use the 8 week period do you still have to use the new percentages of 60/40 or can you use the old percentages of 75/25?
You can use any percentage between 60% and 100% for eligible payroll costs and the rest for eligible non payroll costs.
21. What if you had to furlough employees due to lack of work and are not able to bring them back by June 30?
You have until 12/31/2020 or until the end of your covered period to re-hire.
22. Does rent include land rent?
Yes, as long as there is a written lease in place and the rent was paid during the covered period.

- 23. Do you need to apply to extend to 24 weeks? Or, is it something we can choose to do since the new change back on June 5?**
You can choose the 24 week option when applying if desired. Simply select the appropriate period option in the digital application.
- 24. What was said about S-corp owners and health insurance?**
The S-Corp owner-employee health insurance is not considered an eligible expense since it is deemed to be part of the compensation.
- 25. If we did receive the EIDL but we used amount in excess of our PPP loan and EIDL, will that amount still be deducted from the loan forgiveness?**
We believe the amount of any EIDL grant will be deducted from your debt forgiveness amount.
- 26. Under Health Insurance costs will a QSE-HRA be acceptable costs?**
We don't believe they will be as the guidance specifically indicates they must be group health plans to be eligible.
- 27. If My PPP is used 100% on payroll, that indicates that my EDIL was for a different set of expenses. Would this then be NOT APPLIED to the PPP?**
We don't believe so as the guidance specifically says your PPP debt forgiveness will be reduced by the amount of any EIDL grant.
- 28. I am self-employed with no employees, what specific documentation do I need to verify my income replacement?**
Self-employed individuals will use their 2019 Schedule C.
- 29. What if the number of FTEs on the original application was wrong?**
Please notify us during your application process so we can adjust our records. You can communicate this within the application portal messaging feature and provide supporting documentation.
- 30. Can you complete a section, save and then return to edit the document or change your entries prior to submission?**
Yes, the portal provides a "Save Application" feature that allows one to save progress, exit and log back into the portal at a later time to modify the application prior to submitting.
- 31. What happens if you reduced your workforce due to a reason other than COVID related causes? The company likely won't replace this individual. Once again we paid a lot more in payroll than the amount of our PPP loan. How will this effect forgiveness?**
If the reduction in workforce was not related to furlough (voluntary termination, or termination for cause), that will not count against the FTE reduction calculation.
- 32. Do we have to submit statements from ICB for our mortgage or checking accounts or can the processor attach them?**
Yes please upload all documentation with your application as this will make it much easier for us to process you application in a timely manner.
- 33. I want to confirm that the "Payroll Taxes" that are included in the forgiveness application are just the State U/C taxes?**
Yes that's true, although employee withholding tax is also eligible.
- 34. Was there a section of the app to apply to extend to 24 weeks?**
The 24 week option can be selected on the first page of the digital forgiveness application.
- 35. Does the digital signature for the 3508 EZ forgiveness application need to be the same signature as the original loan application? Reason being, the employee's signature on our original loan application has retired and no longer with our company.**
The electronic signature should be obtained from a person officially authorized by the borrower to sign. The signer is required to attest to certifications required in the forgiveness application.

36. What about an employee that quit and was not replaced? How do I account for the reduction in full time employee?

As long as you keep written documentation that it was a voluntary resignation, it will not count against FTE reduction.

37. Just to confirm, I can use more than 8 weeks of payroll and still apply for forgiveness as soon as I've met the amount of my loan?

Yes. See question #2 for further clarification.