



The Path to PPP Forgiveness

Navigating the Maze of Guidance to Maximize Your PPP Proceeds

WEBINAR | Presented on June 2, 2020

Disclaimer

This webinar contains general information about tax and legal matters. The information is for educational purposes and should be treated as such.

You may not rely on the information presented in this webinar as an alternative to legal or tax advice from an attorney or other professional.

Our Speakers



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How to Apply For a PPP Loan

- Best practices
 - Find the right banking partner for your business
 - Apply asap – funds are still available
 - Get your documentation ready up front
- Goals for use of funds
 - Consider whether maximizing forgiveness or maximizing cash flow your driver
 - Consider other forms of relief if PPP isn't for you – ERC, payroll tax deferral, MSLP, etc

Covered Period & Implications

- General Rule – 56 days beginning on date of initial PPP loan funding
- Alternate payroll Covered Period – 56 days beginning with first day of pay period following initial funding
 - Not available unless payroll frequency is at least bi-weekly
 - If elected, ONLY applies to payroll costs – general rule applies to other costs
- If Alternate Covered Payroll Period is available, need to evaluate most favorable method

Payroll

- **56 days** – paid and incurred – is there wiggle room here?
- **Health plan costs** – payments made is the language
- **Retirement plan costs** – payments made – 2019? 2020? 8/52?
- **New guidance** – hazard pay and bonuses are forgivable
- **Payroll for self-employed and partners** – doesn't include retirement or health
- **Owner-employee** - cap on cash compensation is 8/52 of 2019 compensation

Nonpayroll Costs

- Mortgage **Interest** - Real or Personal Property
 - Incurred before 2/15/2020
 - Does **not** including pre-payments
 - Does **not** including Principal portion of payment
- Rent or lease payments - Real or Personal Property
 - In force before 2/15/2020
- Utility Payments
 - Electricity, gas, water, transportation, telephone, or internet access
 - Service began before 2/15/2020

Nonpayroll Costs – Incurred or Paid

- Eligible costs:
 - Amounts paid during the Covered Period (excluding pre-payments specifically disallowed)
 - Amounts incurred during the Covered Period and paid on or before the next regular billing date
 - Example: Monthly electric bill
 - Expense incurred during June (during Covered Period)
 - Bill received in early July (after Covered Period)
 - Bill paid in mid-July (after Covered Period)

Reductions of Loan Forgiveness

- Advance Payments Under EIDL
- FTE Reductions
- Compensation Reductions > 25%
- Safe Harbor – Comp and headcount restoration by June 30 (or December 31?)

Application & Documentation

- Applications will likely be accepted late in June – contact banker soon
- Consider timing strategies – payroll tax deferral impacts, applying with the herd
- Documentation to be sent - contact payroll provider and locate docs soon
 - Payroll verification and reports (941/SUTA)
 - Checks, receipts for health and retirement plan payments
 - Documentation of FTE computation – SUTA, P/R register
 - Checks, loan schedules, leases for nonpayroll items – including proof of 2/15/2020 existence
- Keep files for 6 years – loan need, job offer refusals, worksheet support

Open Items to Monitor

- Congressional action – could be the week of June 1
- Payroll periods includible
- Define owner employee
- Define retirement plan costs and timing
- Define transportation costs
- Rent – does this include CAM charges?
- Any limitations on related party situations

Answering Your Submitted Questions

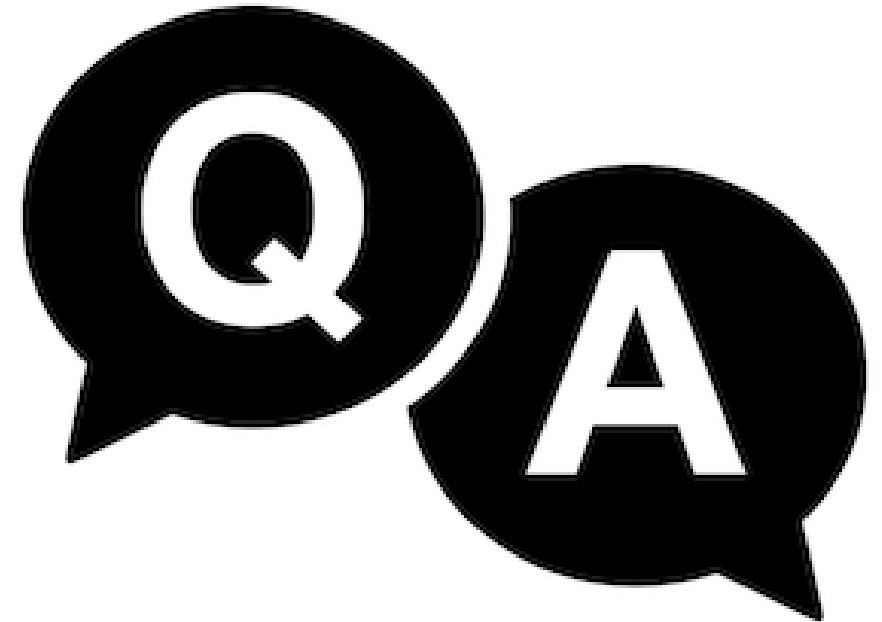
Overall Program / Forgiveness

Payroll

Nonpayroll Costs

Covered Period

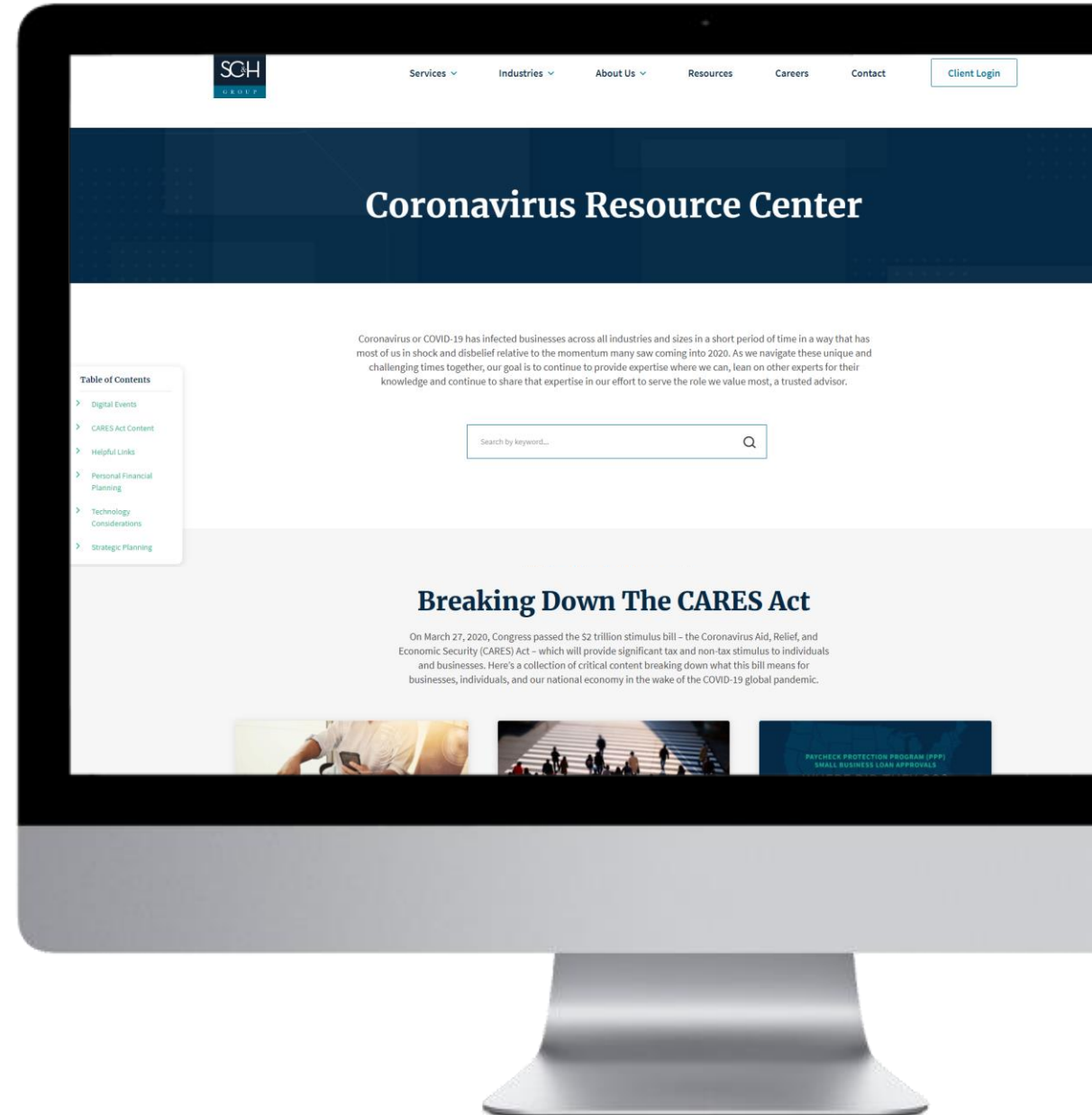
Retirement / Benefits



COVID-19 Resource Center

- Resources for both businesses and individuals
- Relevant content from across the firm
- Continually being updated with resources and digital events

<https://www.schgroup.com/coronavirus-resource-center/>



Thank You!



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