



Paycheck Protection Program (“PPP”): How to Get Your Loan Forgiven

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Your starting point:
Paycheck Protection
Program
Loan Forgiveness
Application



**Paycheck Protection Program
Loan Forgiveness Application**

OMB Control Number 3245-0407
Expiration Date: 10/31/2020

LOAN FORGIVENESS APPLICATION INSTRUCTIONS FOR BORROWERS

To apply for forgiveness of your Paycheck Protection Program (PPP) loan, you (the Borrower) must complete this application as directed in these instructions, and **submit it to your Lender** (or the Lender that is servicing your loan). Borrowers may also complete this application electronically through their Lender.

This application has the following components: (1) the PPP Loan Forgiveness Calculation Form; (2) PPP Schedule A; (3) the PPP Schedule A Worksheet; and (4) the (optional) PPP Borrower Demographic Information Form. All Borrowers must submit (1) and (2) to their Lender.

Instructions for PPP Loan Forgiveness Calculation Form

Business Legal Name ("Borrower")/DBA or Tradename (if applicable)/Business TIN (EIN, SSN): Enter the same information as on your Borrower Application Form.

Business Address/Business Phone/Primary Contact/E-mail Address: Enter the same information as on your Borrower Application Form, unless there has been a change in address or contact information.

SBA PPP Loan Number: Enter the loan number assigned by SBA at the time of loan approval. Request this number from the Lender if necessary.

Lender PPP Loan Number: Enter the loan number assigned to the PPP loan by the Lender.

PPP Loan Amount: Enter the disbursed principal amount of the PPP loan (the total loan amount you received from the Lender).

Employees at Time of Loan Application: Enter the total number of employees at the time of the Borrower's PPP Loan Application.

Employees at Time of Forgiveness Application: Enter the total number of employees at the time the Borrower is applying for loan forgiveness.

PPP Loan Disbursement Date: Enter the date that you received the PPP loan proceeds from the Lender. If loan proceeds were received on more than one date, enter the first date on which you received PPP loan proceeds.

EIDL Advance Amount: If the Borrower received an Economic Injury Disaster Loan (EIDL) advance, enter the amount.

EIDL Application Number: If the Borrower applied for an EIDL, enter the Borrower's EIDL Application Number.

Payroll Schedule: Select the box that corresponds to your payroll schedule.

Covered Period: Enter the eight-week (56-day) Covered Period of your PPP loan. The first day of the Covered Period must be the same as the PPP Loan Disbursement Date. For example, if the Borrower received its PPP loan proceeds on Monday, April 20, the first day of the Covered Period is April 20 and the last day of the Covered Period is Sunday, June 14.

Alternative Payroll Covered Period: For administrative convenience, Borrowers with a biweekly (or more frequent) payroll schedule may elect to calculate eligible payroll costs using the eight-week (56-day) period that begins on the first day of their first pay period following their PPP Loan Disbursement Date (the "Alternative Payroll Covered Period"). For example, if the Borrower received its PPP loan proceeds on Monday, April 20, and the first day of its first pay period following its PPP loan disbursement is Sunday, April 26, the first day of the Alternative Payroll Covered Period is April 26 and the last day of the Alternative Payroll Covered Period is Saturday, June 20. Borrowers who elect to use the Alternative Payroll Covered Period **must** apply the Alternative Payroll Covered Period wherever there is a reference in this application to "the Covered Period or the Alternative Payroll Covered Period." However, Borrowers must apply the Covered Period (not the Alternative Payroll Covered Period) wherever there is a reference in this application to "the Covered Period" only.

If Borrower Received PPP Loans in Excess of \$2 Million: Check the box if the Borrower, together with its affiliates (to the extent required under SBA's interim final rule on affiliates ([85 FR 20817](#) (April 15, 2020)) and not waived under 15 U.S.C. 636(a)(36)(D)(iv)), received PPP loans with an original principal amount in excess of \$2 million.

Forgiveness Amount Calculation (see Summary of Costs Eligible for Forgiveness below):

Line 1: Enter total eligible payroll costs incurred or paid during the Covered Period or the Alternative Payroll Covered Period.

Key Issue: Timeframe

— You have **56 days** to spend the money, *starting with the day the funds were deposited into your account.*

(there is an exception for biweekly or more frequent payroll)

Eligible Payroll Defined:

- Payroll is considered incurred the day deposit is issued
- Expenses considered incurred the day pay is earned

f. What qualifies as “payroll costs?”

Payroll costs consist of compensation to employees (whose principal place of residence is the United States) in the form of **salary, wages, commissions**, or similar compensation; **cash tips** or the equivalent (based on employer records of past tips or, in the absence of such records, a reasonable, good-faith employer estimate of such tips); **payment for vacation, parental, family, medical, or sick leave; allowance for separation or dismissal**; payment for the provision of **employee benefits** consisting of group health care coverage, including insurance premiums, and retirement; **payment of state and local taxes** assessed on compensation of employees; and **for an independent contractor or sole proprietor, wages, commissions, income, or net earnings from self-employment, or similar compensation.**

There is a Maximum Payroll!

Amounts paid to owners and employees cannot exceed a \$100,000 annual salary equivalent of \$15,385 total!

- If the equivalent is less taken from 2019, that number controls. **This means you cannot increase your draw this year based on your salary last year.**

Eligible Non-Payroll Costs Defined:

- Interest on a business mortgage obligation on real or personal property incurred prior to February 15, 2020 (not including principal)
- Business rent or lease payments incurred prior to February 15, 2020
- Covered utility payments: electricity, gas, water, transportation, telephone, or internet access where service began prior to February 15, 2020
- You do not need to include these amounts if you are not requesting loan forgiveness

Employees and Layoffs

“SBA and Treasury intend to issue an interim final rule excluding laid-off employees from the CARES Act’s loan forgiveness reduction calculation” who fit the following criteria:

- the borrower offered to rehire the employee for the **same salary/wages** and **same number of hours**;
- the borrower must have made a good faith, **written offer** of rehire; and
- the employee’s rejection of that offer must be **documented** by the borrower.

Employees and Layoffs

What about an employee who voluntarily resigns, is terminated for cause, or requests an unpaid leave?

- Treasury has not yet issued guidance. I would suggest you **document** any voluntary resignation, termination for cause, or request for unpaid leave in writing.
- I would also suggest that you **refute** any unemployment claims made by any employee that was offered rehire or voluntarily resigns.

75/25 Rule

A maximum of 25% of your PPP funds may be applied toward non-employment related expenses such as interest, rent, and utilities.

Based on the “at least” language, up to 100% of your funds can be used for employment costs.



Application Walk-Through