



Paycheck Protection Program

PPP Forgiveness

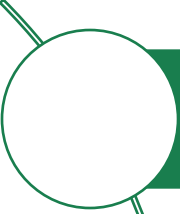
Brought to you by SBA's West Virginia & Nevada District Offices

We will begin promptly at 12 pm EST/ 9am PST.

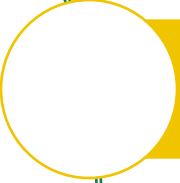
Please mute your line upon entrance.

*Information provided during the training is not intended to be legal or accounting advice.
This is an education overview of the information as we understand it currently.*

Housekeeping Items



Thank you for joining! This session is not being recorded but a pdf version of the presentation has been emailed to you.



Please mute your lines. If you are having trouble hearing, please check the volume on your computer.



Submit your questions in the chat function.



Follow up questions? Join us Thursday for Q&A with SBA. Log on information at www.sba.gov/wv.

Email Updates

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www.sba.gov/updates

Important Contact Information

SBA Office

- www.sba.gov/wv
- www.sba.gov/nv

PPP FAQ & Interim Final Rule

- www.sba.gov
- www.treasury.gov

SBA Disaster Program Information

- www.sba.gov/disaster
- (800) 659-2955

Today

Forms Preview

Forgiveness Requirements

- Covered Periods
- Salary/Wage Reduction
- FTE Reductions
- FTE Safe Harbors & Exceptions

Eligible Costs

- Payroll
- Nonpayroll

Forms Review

- 3508S
- 3508EZ
- 3508

Document Submission & Maintenance

Deadlines

Necessity

A Quick Look at the Forms





Paycheck Protection Program

Loan Forgiveness Application

3508 S Form

3508 S Requirements

Can you use this form?

1. \$50,000 or less
2. No affiliates of \$2M+

Borrower Must...

1. Provide accurate calculations
2. Attest to accuracy
3. Submit documentation

Exempt from FTE and Salary/Wage reductions



3508 S Form Tips

1. SBA will deduct EIDL Advance/ Grant – you do not need to do it.
2. Be sure to maintain all required documents.



Paycheck Protection Program

Loan Forgiveness Application

3508 EZ Form

3508 EZ Requirements

3508 EZ Form, select one of three follow criteria:

**Sole Proprietor
with no
Employees**

**CERTIFY
Did not reduce
wages more than
25%
AND
did not reduce
employees or
average paid
hours.**

**CERTIFY
Did not reduce
wages more than
25%
AND
unable to
operate due to
requirements
from HHS, CDC,
or OSHA.**



Source: www.sba.gov and www.treasury.gov

3508 EZ Form Tips

1. Do a salary/wage calculation reduction first.
 - Salary/wage reductions more than 25%?
2. Do you have any FTE reductions?
3. Any FTE Reduction Safe Harbors apply?
4. Any FTE reduction Exceptions apply?
5. Do you have documentation for FTE reduction exceptions or Safe Harbors?



Paycheck Protection Program

Loan Forgiveness Application

3508 Form

3508 Requirements

Everybody else.

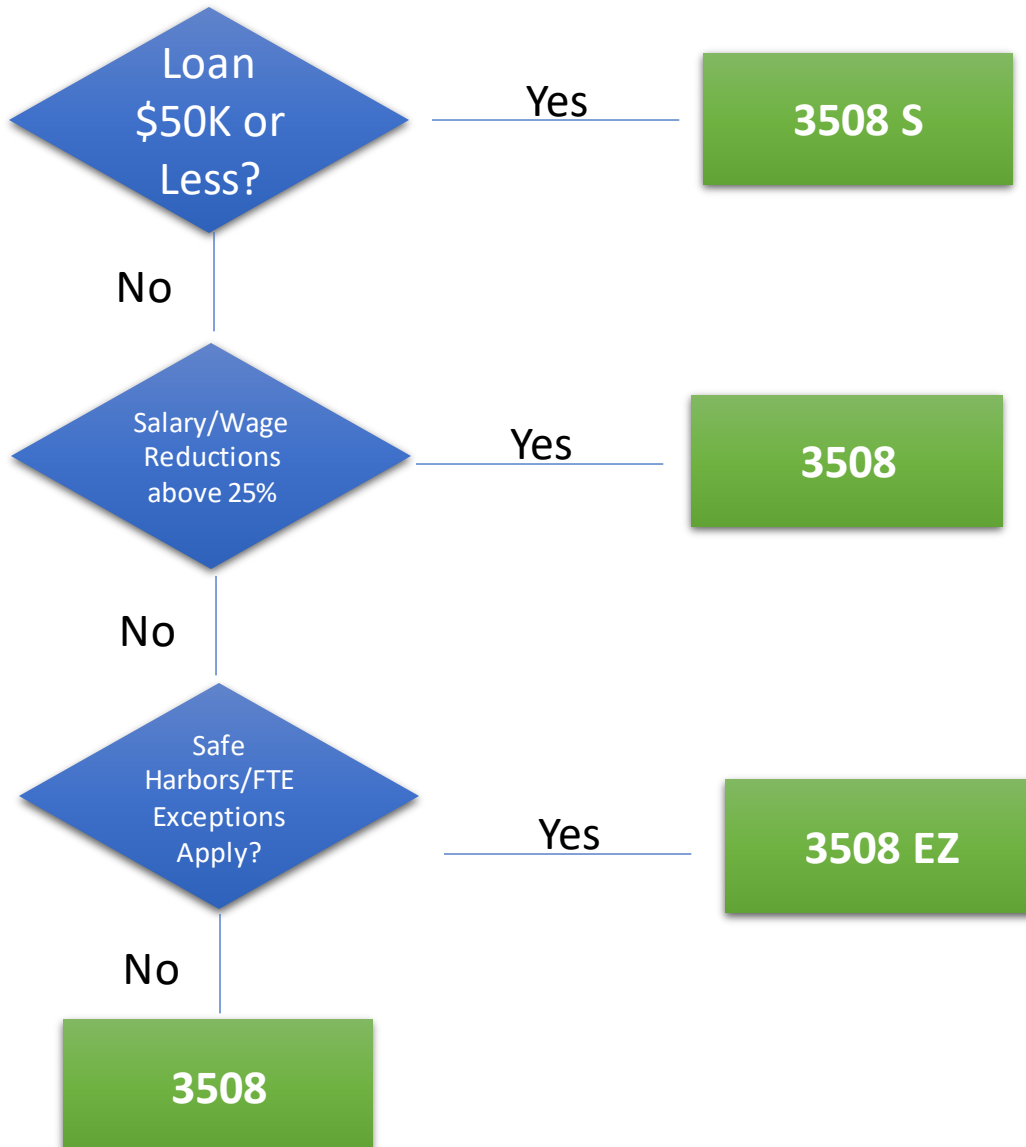
- Salary/Wage Reductions more than 25%
- FTE Reductions (no Safe Harbor/Exceptions)
- Seasonal Businesses



3508 Regular Form Tips

- Don't be intimidated.
- Work backwards:
 1. Calculate Salary/Wage Reductions
 2. Calculate FTE Reductions
 3. Schedule A Worksheet (Do not throw away!)
 4. Schedule A
 5. Calculation Page

Decision Tree



Basic Forgiveness Requirements

- **Covered Periods**
- **Salary Reduction**
- **FTE Reduction**
- **FTE Reduction Safe Harbors & Exceptions**

Covered Periods

1. PPP Funds should be spent in the Covered Period.
2. Covered Period begins when \$\$ is disbursed.
3. Alternative Covered Period = Weekly & Biweekly pay periods.
 - Starts on the first day of the payroll period AFTER the disbursement (when employees start earning pay).

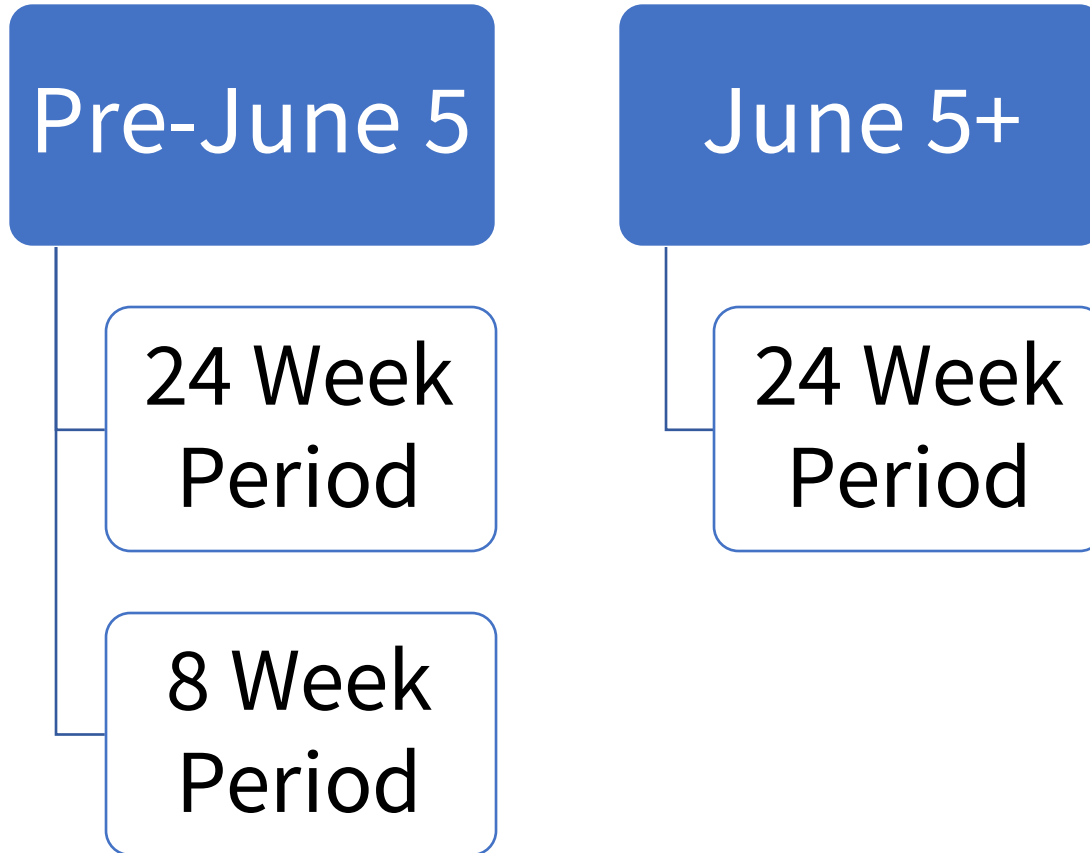
Payroll Schedule: The frequency with which payroll is paid to employees is:

Weekly Biweekly (every other week) Twice a month Mo

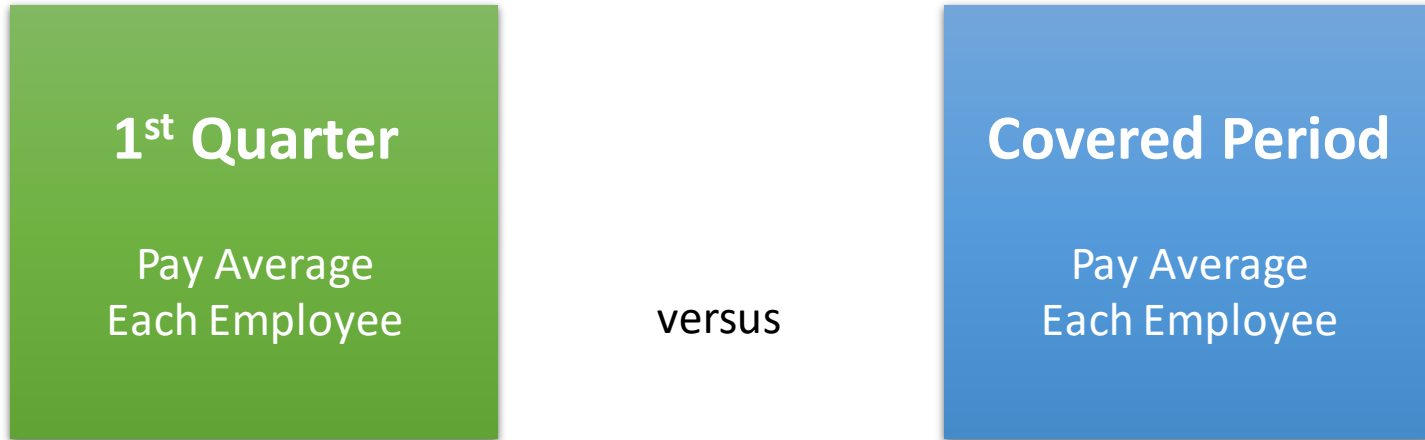
Covered Period: Disbursement Date to +168 Days

Alternative Payroll Covered Period, if applicable: _____ to _____

8 Weeks v. 24 Weeks



Salary/Wage Reduction



Example: Salary/Wage Comparison

Amount Paid to Each Employee

- 1st quarter of 2020 and Covered Period

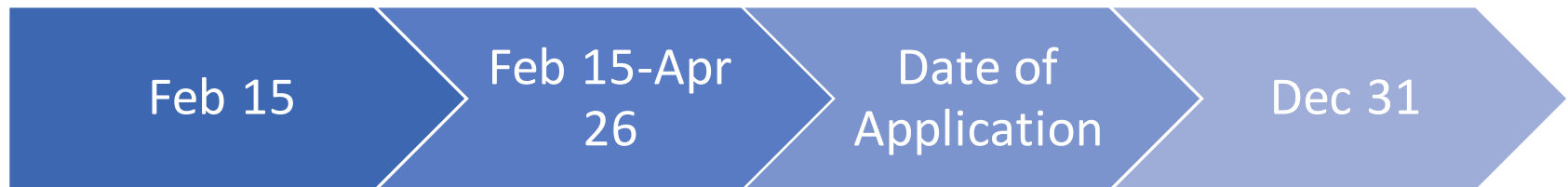
Staff	Covered Period Average Wage Rate	1st Quarter 2020 Average Wage Rate	Covered Period ÷ 1st Q	Reduction
Kim	\$15.00	\$15.00	1.00	0%
Nikki	\$15.00	\$20.00	0.75	25%
Melissa	\$15.00	\$15.00	1.00	0%
Raychel	\$10.00	\$15.00	0.66	34%
Cynthia	\$0	\$15.00	NA	NA



3508: Salary/Wage Reduction Safe Harbor

- The first 25% reduction will be disregarded.
- Safe Harbor-- restored salary/hourly wage levels.
- Safe Harbor Eligibility-- Use the Calculation on page 4 of the Instructions (Instructions for PPP Schedule A Worksheet).

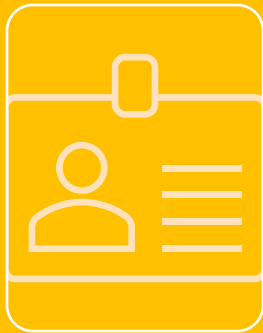
Average Salary/Wage



3508 Instructions, p. 4



Determining FTE



Regular Method

- Employee Ave. #/Week ÷ 40



Simplified Method

- 40+ hrs. = 1
- Less than 40 = .5



FTE Safe Harbor: Unable to Return to Business Activity

1. Feb 15 Business Activity
2. Compliance: Mar 1-Dec 31
3. Requirements/Guidance from CDC, OSHA, HHS

Also Box 3 of 3508 EZ

[OSHA Guidance on Returning to Work](#)

[OSHA Hazard Recognition](#)

[OSHA Standards Covid-19](#)

[CDC Interim Guidance for Businesses and Employers](#)

[CDC How to Protect Your Small Business & Employees](#)

[CDC People Who Need to Take Extra Precautions](#)



FTE Safe Harbor-- 3508

1. Reduced its FTE Feb 15 - Apr 26, 2020; **and**
2. Restored by not later than Dec 31, 2020 to its Feb 15 pay period levels.



FTE Reduction Exceptions

1. Made a good-faith, written offer to rehire an employee (same wage & hours), and was rejected
2. Fired for cause
3. Voluntarily resigned
4. Voluntarily requested and received a reduction of hours
5. Unable to hire similarly qualified by December 31, 2020



FTE Reduction Example (for 3508EZ)

Between Jan 1 and end of the Covered Period • Ignore Overtime

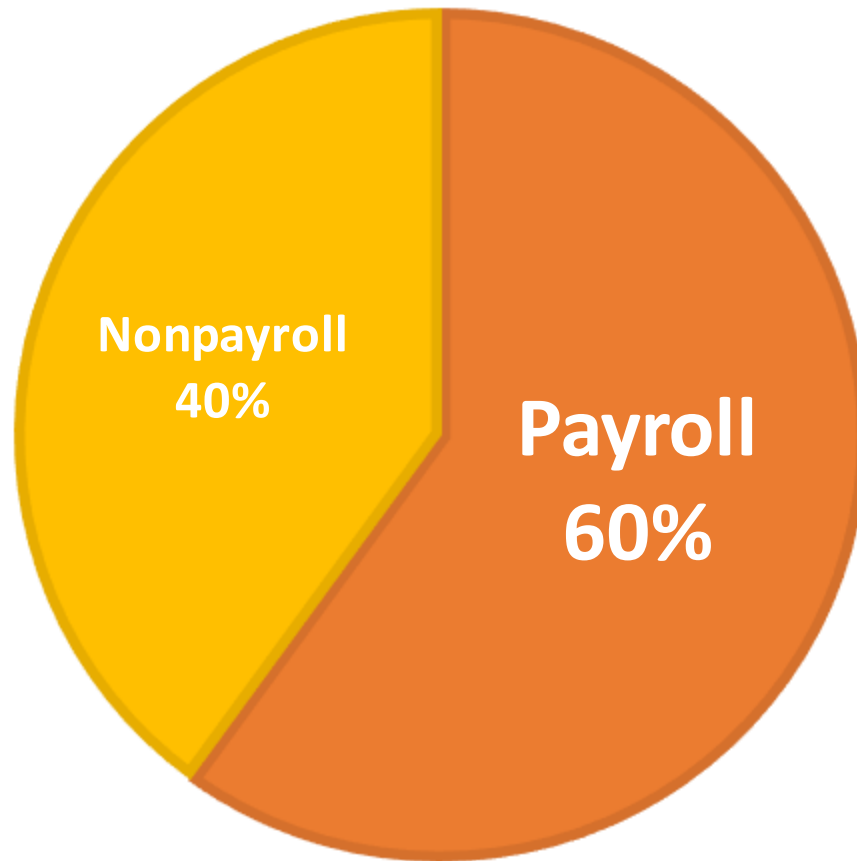
	Jan 1	Last Day of Covered Period <i>October 14</i>	FTE Exceptions/ Safe Harbors?
Leo	1	1	
Rick	.5	.5	
Karen	1	1	
Charlie	.5	0	Unable to Rehire
Barbara	1	.5	Voluntary Reduction
TOTAL	4	3	



Eligible Costs

Payroll Costs

COSTS ELIGIBLE FOR FORGIVENESS



Eligible Payroll Costs for Employees

Payroll Costs

1. Cash Compensation

- Salary/Wages + Hazard/Bonus Pay + Commissions + Cash Tips

2. Paid Leave (Vacation, Parental, Family, Medical, or Sick Leave)

- No Families First Coronavirus Response Act

3. Group Health Care Coverage (includes dental and vision)

- Includes employer contribution to self-insured employer-sponsored plan
- No pre-tax or after-tax contributions by employees

4. Retirement

- No pre-tax or after-tax contributions by employees

5. State & Local Employment Taxes

Do not include employer contributions for federal employment taxes.

3508 S Instructions Pg. 2
3508 EZ Instructions Pg. 2
3508 Instructions Pg.4 (Schedule A)



Employee Cash Compensation Caps

\$100,000 Annual Salary Cap for each employee
(prorated over the covered period)



\$15,385 is $(\$100K / 52 \text{ weeks}) \times 8 \text{ weeks}$

\$46,154 is $(\$100K / 52 \text{ weeks}) \times 24 \text{ weeks}$



Owner/Employees Compensation Caps

**8
Weeks**

- 8 Weeks of 2019
[2019/52*8]
- up to \$15,385

**24
Weeks**

Lesser of...

- \$20,833
- 2.5 X 2019 Mo Ave

Owner/Employee = 5%+ stake

See IFR 8/24/2020.



Owner/Employees: What Not to Include

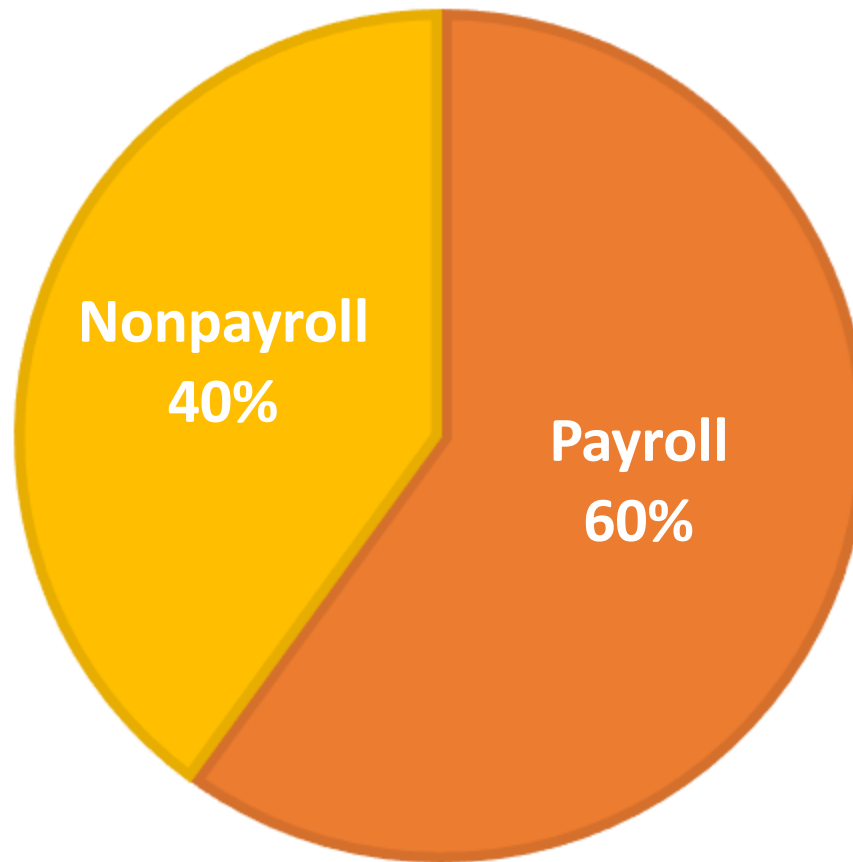
	Retirement	Health	Dividends
Schedule C	✗	✗	
Partner	✗	✗	
S-Corp	✓	✗	✗
C-Corp	✓	✓	✗

3508 S Instructions Pg. 2
3508 EZ Instructions Pg. 2



Nonpayroll Costs

COSTS ELIGIBLE FOR FORGIVENESS



Non-Payroll Costs

Line 2

Interest on mortgage

Line 3

Business rent/lease

Line 4

Utility Payments

Electricity Gas Water Telephone Internet Transportation



Quick Recap

	Amount	Salary Reduction ?	FTE Reduction ?*	60% Payroll Costs	O/E Cash Caps
<u>3508 S</u>	\$50 K or less	NA	NA	Yes	Yes
<u>3508 EZ</u>	No limit	No	No	Yes	Yes
<u>3508</u>	No limit	Yes	Yes	Yes	Yes

*Without Safe Harbor or exceptions.

Document Submission & Retention

Submit: Payroll Documentation

1. Bank account statements or 3rd Payroll Service reports
2. Tax Forms (typically 941)
3. State & Local employee wage reports
4. Health insurance and Retirement paid
 - Account statements & receipts; or
 - Invoices & cancelled checks

3508 S Instructions Pg. 3
3508 EZ Instructions Pg. 4
3508 Instructions Pg. 6



Submit: Non-Payroll Documentation

Mortgage Interest

1. Account Statements
 - Feb 2020 and Covered Period and one month afterwards; or
2. Amortization schedule & receipts/cancelled checks

Rent/Lease

1. Account Statements
 - Feb 2020 and Covered Period and one month afterwards; or
2. Lease Agreement and receipts/cancelled checks

Utilities

1. Account Statements
2. Invoices Feb 2020 and Covered Period
 - Receipts/Cancelled Checks/Account Statements

3508 S Instructions p. 3
3508 EZ Instructions p. 4
3508 Instructions p. 6



Submit: 3508EZ FTE Documentation

3508EZ

1. Ave FTE on 1/1/2020 **and**
2. Ave FTE on the end of covered period



Submit: FTE Documentation 3508

3508*

1. Ave FTE between 2/15/2019 and 1/30/2019 **or**
2. Ave FTE between 1/1/2020 and 2/29/2020
3. Seasonal Biz
 - Ave FTE between 2/15/2019 and 6/30/3019 **or**
 - Ave FTE between 1/1/2020 and 2/29/2020 **or**
 - Ave FTE in any 12 consecutive weeks between 5/1/2019 and 9/15/2019

*Should match
Schedule A Line 11



Documentation Guide

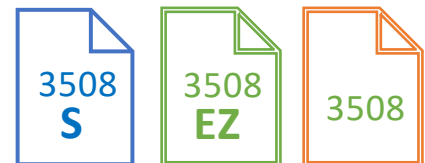
Form	Borrower Submits
3508S	<ol style="list-style-type: none">1. SBA Form 3508S & Certs2. Payroll Proof of Payment3. Nonpayroll Proof of Obligation4. Nonpayroll Proof of Payment
3508EZ	<ol style="list-style-type: none">1. Form 3508EZ & Certs2. FTE Documentation (if applicable)3. Official Guidance (if applicable)4. Payroll Proof of Payment5. Nonpayroll Proof of Obligation6. Nonpayroll Proof of Payment
3508	<ol style="list-style-type: none">1. Form 3508 & Certs2. PPP Schedule A3. FTE Documentation4. Payroll Proof of Payment5. Nonpayroll Proof of Obligation6. Nonpayroll Proof of Payment

3508 S Instructions Pg. 3
3508 EZ Instructions Pg. 4
3508 Instructions Pg. 6

Documents to Maintain

- PPP Loan application & application submission
- Safe Harbor and FTE Reduction Exceptions
- Schedule A Worksheet (if applicable)
- “Necessity” data (if applicable; Forms 3509 & 3510)
- **6 years** after loan forgiveness or paid in full
- Must permit inspection upon request

3508 S Instructions p. 3
3508 EZ Instructions p. 4
3508 Instructions p. 6



Time Frames & Deadlines

Forgiveness Deadlines

No
Payments

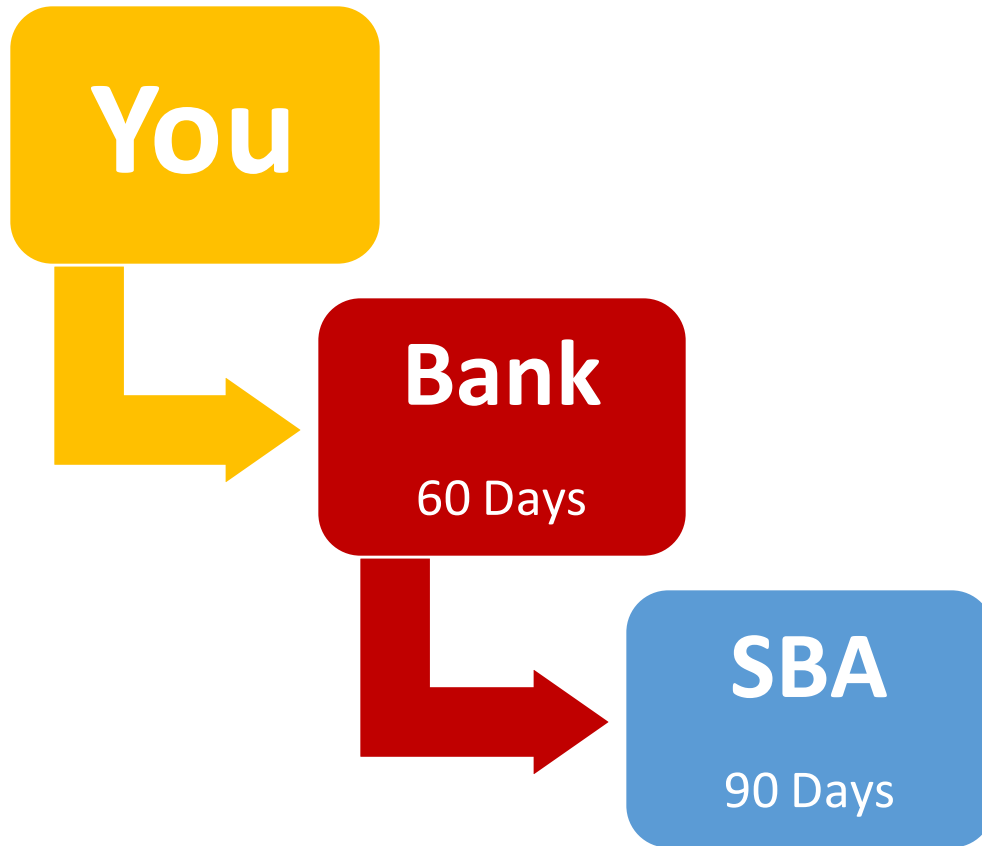
- Within **10 mo.** of the end of the Covered Period

Payments

- Before Maturity of Loan

10-month deferment is for forgiveness application, NOT the start of repayments.

Process for Loan Forgiveness

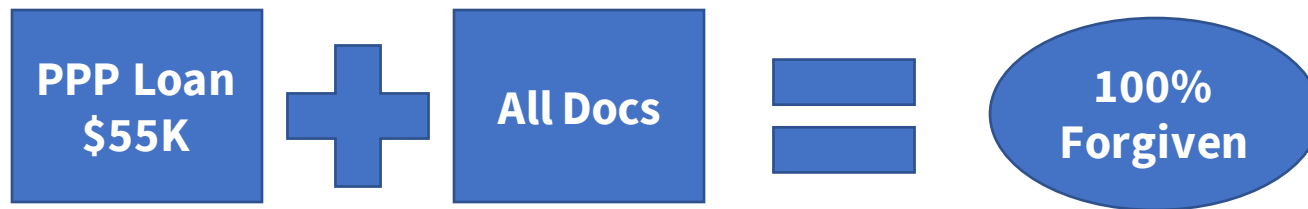


Over \$2M, the process may be different.



Repayment Scenarios

Scenario #1-- No Post PPP Forgiveness Payments



Scenario #2-- Post PPP Forgiveness Payments



***\$4K due to Lender at 1% Interest for 2-5 years because PPP loan forgiveness reduced by EIDL Advance Amount. Payments can begin immediately.**

NOTE

1. 10-month deferment = PPP forgiveness application submission only.
2. Repayments can be scheduled as soon as the SBA forgiveness decision is reported to you.
3. Interest accrues between disbursement date and SBA remittance of the forgiveness amount.

Your Responsibilities

1. Provide accurate calculations.
2. Attest to accuracy.
3. Submit required documents.



Over \$2M?

Form 3509 For-Profits

Form 3510 Non-Profits

Forms 3509 Documentation Submission

Borrower “must include supporting documentation for your answers to questions #1, 2.B, 3.B, 4.C, and 5.C...”

#	Question	Documentation
1	Revenue	2 nd Q 2020 Gross Revenue
2B	Ordered Shutdown?	Agency and order
3B	Ordered significantly alter of operations?	Agency and order
4C	Voluntary Shutdown?	i. Employee(s) contracted COVID-19 ii. COVID-19 significantly disrupted Borrower’s supply chain iii. Other (please describe)
5C	Voluntary Alteration?	i. # people permitted in a location reduced/capped ii. Service restricted to outdoors iii. Employee workspaces reconfigured

Form 3510 Documentation Submission

Non-Profit Assessment

#	Question	Documentation
1	Gross Receipts	2 nd Q 2020
2	Gross Receipt Comparison	2 nd Q 2019 [1 st Q 2020]
3	Expenses	2 nd Q 2020
3	Expense Comparison	2 nd Q 2019 [1 st Q 2020]

Liquidity Assessment

#	Question	Documentation
1	Cash?	cash, savings, temporary cash invest
2B	Debt Prepayments?	Prepayments: 3/13/2020 and the end of covered period
3C	Any employee compensation exceed \$250,000 during Covered Period?	Total cash compensation during covered period of all
5B	Endowment funds?	types and value of each as of the last day of the calendar quarter immediately before the date of Borrower's PPP loan application.

Applications and Instructions

- [Loan Forgiveness Application Form **3508S** Instructions](#)
- [Loan Forgiveness Application Form **3508S**](#)

- [Loan Forgiveness Application Form **3508EZ** Instructions](#)
- [Loan Forgiveness Application Form **3508EZ**](#)

- [Loan Forgiveness Application Form Instructions Form **3508**](#)
- [Loan Forgiveness Application Form **3508** \(6/16/2020\)](#)

Program Rules

- [Frequently Asked Questions](#)
- [Frequently Asked Questions on Loan Forgiveness](#)
- 1. [Interim Final Rule 1](#) (originally posted April 2, 2020)
- 2. [Interim Final Rule on Applicable Affiliation Rules](#) (originally posted 4/3/2020)
- 3. [Interim Final Rule on Additional Eligibility Criteria and Requirements for Certain Pledges of Loans](#) (originally posted 4/14/2020)
- 4. [Interim Final Rule on Requirements for Promissory Notes, Authorizations, Affiliation, and Eligibility](#) (originally posted 4/24/2020)
- 5. [Interim Final Rule Additional Criterion for Seasonal Employers](#) (originally posted 4/27/2020)
- 6. [Interim Final Rule on Disbursements](#) (originally posted 4/28/2020)
- 7. [Interim Final Rule on Corporate Groups and Non-Bank and Non-Insured Depository Institution Lenders](#) (originally posted 4/30/2020)
- 8. [Interim Final Rule on Nondiscrimination and Additional Eligibility Criteria](#) (originally posted 5/5/2020)
- 9. [Interim Final Rule on Extension of Limited Safe Harbor with Respect to Certification Concerning Need for PPP Loan Request](#) (originally posted 5/8/2020)
- 10. [Interim Final Rule on Loan Increases](#) (originally posted 5/13/2020)
- 11. [Interim Final Rule on Eligibility of Certain Electric Cooperatives](#) (originally posted 5/14/2020)
- 12. [Interim Final Rule on Treatment of Entities with Foreign Affiliates](#) (originally posted 5/18/2020)
- 13. [Interim Final Rule on Second Extension of Limited Safe Harbor with Respect to Certification Concerning Need for PPP Loan and Lender Reporting](#) (originally posted 5/20/2020)
- 14. [Interim Final Rule on Loan Forgiveness](#) (originally posted 5/22/2020)
- 15. [Interim Final Rule on SBA Loan Review Procedures and Related Borrower and Lender Responsibilities](#) (originally posted 5/22/2020)
- 16. [Interim Final Rule on Eligibility of Certain Telephone Cooperatives](#) (originally posted 6/5/2020)
- 17. [Interim Final Rule on Revisions to First Interim Final Rule](#) (originally posted 6/11/2020)
- 18. [Interim Final Rule on Additional Revisions to First Interim Final Rule](#) (originally posted 6/12/2020)
- 19. [Interim Final Rule on Revisions to the Third and Sixth Interim Final Rules](#) (originally posted 6/17/2020)
- 20. [Interim Final Rule on Revisions to Loan Forgiveness Interim Final Rule and SBA Loan Review Procedures Interim Final Rule](#) (originally posted 6/22/2020)
- 21. [Interim Final Rule on Additional Eligibility Revisions to First Interim Final Rule](#) (originally posted 6/24/2020)
- 22. [Interim Final Rule on Certain Eligible Payroll Costs](#) (originally posted 6/25/2020)
- 23. [Interim Final Rule on Appeals of SBA Loan Review Decisions Under the PPP \(8/11/2020\)](#)
- 24. [Interim Final Rule on Treatment of Owners and Forgiveness of Certain Nonpayroll Costs \(8/24/2020\)](#)

SBA Resource Partners



[sba.gov](https://www.sba.gov)
[Local Assistance](#)



Training Schedule at sba.gov/NV and sba.gov/WV

Chat with SBA

- [Wednesday](#) Dec. 2, at 10 am PST

Q&A with SBA

- [Every Thursday](#) at 12 pm EST

PPP EZ Forgiveness Training

- Dec. 1 and Dec. 8 at 12 pm EST / 9am PST

EIDL Informational Session

- [Dec. 9](#) at 2 pm EST

Other

- [Strategic Planning & Post-COVID Planning](#) – Dec. 3 at 10 am EST