Paycheck Protection Program - Loan Forgiveness Podcast recorded 5/21/2020

The information in the podcast was derived from sources which were up-to-date at the time the podcast was recorded and should not be construed as legal or financial advice.

Payroll costs and what that involves

• Payroll costs are considered paid on the day that paychecks are distributed or the Borrower originates an ACH credit transaction.
• Payroll costs are considered incurred on the day that the employee’s pay is earned.
• Caps total eight-week compensation for any individual employee or owner at $15,385 per individual
• 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.

Eligible nonpayroll costs

“For the nonpayroll costs eligible for forgiveness, covered utility payments include: electricity, gas, water, transportation, telephone, or internet access for which service began before February 15, 2020”

“Eligible nonpayroll costs cannot exceed 25% of the total forgiveness amount. Count nonpayroll costs that were both paid and incurred only once.”

• Covered mortgage obligations: payments of interest (not including any prepayment or payment of principal) on any business mortgage obligation on real or personal property incurred before February 15, 2020 (“business mortgage interest payments”);
• Covered rent obligations: business rent or lease payments pursuant to lease agreements for real or personal property in force before February 15, 2020 (“business rent or lease payments”);
• Covered utility payments: business payments for a service for the distribution of electricity, gas, water, transportation, telephone, or internet access for which service began before February 15, 2020 (“business utility payments”).”
An eligible nonpayroll cost must be paid during the Covered Period or incurred during the Covered Period and paid on or before the next regular billing date, even if the billing date is after the Covered Period. Eligible nonpayroll costs cannot exceed 25% of the total forgiveness amount. Count nonpayroll costs that were both paid and incurred only once.

“The authorized representative of the Borrower certifies to all of the below by initialing next to each one. _____ The dollar amount for which forgiveness is requested:

• was used to pay costs that are eligible for forgiveness (payroll costs to retain employees; business mortgage interest payments; business rent or lease payments; or business utility payments);
• includes all applicable reductions due to decreases in the number of full-time equivalent employees and salary/hourly wage reductions;
• does not include nonpayroll costs in excess of 25% of the amount requested; and
• does not exceed eight weeks’ worth of 2019 compensation for any owner-employee or self-employed individual/general partner, capped at $15,385 per individual.”