



August 6, 2020

## Paycheck Protection Program Updates/FAQ's/Tools

### Q: What are the latest requirements for eligible expenses?

A: The same expenses qualify for Forgiveness as they did at the program's inception: Payroll & Related Expenses, Rent, Utilities, & Mortgage Interest. In late June, the requirement to spend 75% of loan proceeds on eligible payroll expenses was lowered to 60%, which could benefit someone electing the 24 week covered period and had a significant reduction in staff during the early portion of said 24 week covered period.

### Q: What are the latest requirements for a full-time employee?

A: There are currently three options to satisfy the FTE requirements for Full PPP Loan Forgiveness:

- First, if a business has had no reduction in employees or average paid hours to their employees from the period beginning on January 1, 2020 through the end of their Covered Period, they have satisfied the FTE Requirements and they are exempt from a reduction in forgiveness due to FTE Levels.
- Second, there is an extremely broad Safe Harbor known as 'FTE Reduction Safe Harbor 1' that essentially allows relief of this requirement for any business that was unable to operate between February 15, 2020 and the end of the Covered Period due to compliance with governmental requirements established or issued by one of many governmental agencies between March 1, 2020 and December 31, 2020. We encourage clients to read through this one (See the bottom of Page 3 on the attached Revised Forgiveness Application) to see if they feel this applies to them. If this does apply, they are once again exempt from a reduction in forgiveness due to FTE levels.
- Third, if the number of FTE's as of December 31, 2020 or the date of their forgiveness application (whichever occurs first) meets or exceeds the number of FTE's as of February 15, 2020, they are once again exempt from a reduction in forgiveness due to FTE levels.
- \*\*If none of these apply to a company, then their PPP Loan Forgiveness will be subject to a reduction based on a comparison of FTE's during their chosen reference period and their covered period. For example, let's say that during their chosen reference period, they had 100 employees, but over the course of their covered period they only had an average of 90 employees, they would then be subject to a forgiveness reduction of 10% as their employment level dropped by 10%.

### Q: When can a company apply for forgiveness?

A: Per the SBA, Forgiveness Applications will not be accepted until August 10<sup>th</sup> at the earliest. The SBA has also stated that they will not accept Forgiveness Applications until the Treasury Finalizes the Rules & Regulations surrounding Forgiveness.

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- Lenders are currently torn as to Forgiveness Applications. Some lenders are accepting Forgiveness Applications, but most lenders are not accepting Forgiveness Applications at this time. The Lenders are serving as intermediaries for the SBA and if they are accepting applications, they are unable to submit them to the SBA at this time (see above bullet point).
- We are encouraging clients to consult their individual lenders as to their institutions Forgiveness process and to also exercise patience as to applying for Forgiveness. Please see the following link as to reasons clients should exercise patience as to applying for Forgiveness [here](#).
- We are also encouraging clients to utilize the Forgiveness Tool, available [here](#), which walks them through the Forgiveness Process.

**Q: What tools are available to assist during the forgiveness process?**

**A:** EHTC has been actively monitoring the situation as it evolves and is more than happy to assist you during this forgiveness process or to answer any other questions you have. There are also other tools we highly recommend listed out below:

- [PPP Forgiveness Tool](#)
- [PPP Forgiveness Tool - Video for how to use](#)
- [Revised Forgiveness Application](#)
- [AICPA FAQ's](#)