

Updated as of 05/21/20

PPP Loan Forgiveness

This information is for illustrative purposes only and is not intended to provide specific planning, financial, legal, or other types of advice for you and should not be relied upon in that regard. GPEC does not accept any responsibility for accuracy of outcomes of loan forgiveness application. Please consult appropriate financial or legal professionals for further assistance.



Table of Contents

03	Definitions
07	Step 1: Documentation
10	Step 2: PPP Schedule A Worksheet
12	Step 3: PPP Schedule A
15	Step 4: PPP Loan Forgiveness Calculation Form
18	Calculations

This information is for illustrative purposes only and is not intended to provide specific planning, financial, legal, or other types of advice for you and should not be relied upon in that regard. GPEC does not accept any responsibility for accuracy of outcomes of loan forgiveness application. Please consult appropriate financial or legal professionals for further assistance.





Definitions

PPP Loan Forgiveness Application

Terminology	Definition	Definition does NOT include	Notes	Application Section		
				Schedule A Worksheet	Schedule A	Loan Forgiveness Calculation Form
PPP Loan Disbursement Date	<ul style="list-style-type: none"> Date you received PPP loan from your lender 		<ul style="list-style-type: none"> If you received the loan on more than one date, enter the 1st date you received PPP loan money (this date may not be the same date on the acceptance letter so check your checking account statement) 		All	
Covered Period (CP)	<ul style="list-style-type: none"> 8-week (56-day) period 1st date = "PPP Loan Disbursement Date" (e.g., Apr 20) Last date is 8 weeks later (e.g., Jun 14) 	<ul style="list-style-type: none"> 1st date is NOT when loan was approved (e.g., loan was approved on Apr 13, but 1st date would still be when money was deposited into your account on Apr 20) 	<ul style="list-style-type: none"> Some parts of the Application give you the option to use CP or APCP; however, you must specifically use CP wherever Application specifically references "Covered Period": on PPP Loan Calc Form (top half "Covered Period", line 2-4), on PPP Schedule A (line 13), and on Nonpayroll Documentation (a-c, as applicable) 		All	
Alternative Payroll Covered Period (APCP)	<ul style="list-style-type: none"> You can start your 8-week (56-day) period on the 1st day of your 1st pay period AFTER the PPP Loan Disbursement Date (so that you can neatly align your "covered period" with the beginning of a pay period), e.g.: PPP Loan Disbursement Date = Apr 20 1st date of pay period = Apr 26 1st date of APCP = Apr 26 		<ul style="list-style-type: none"> Remember: applies to PAYROLL COSTS only Option to make things easier if your payroll frequency is biweekly or more frequent If you use this alternative time frame, you must consistently use it through the application EXCEPT where specifically noted to use "Covered Period" 		All	
Employee (EE)	<ul style="list-style-type: none"> Received a W-2 (salary or hourly, full-time or part-time with a consistent schedule) during CP or APCP Principal place of residence is in the U.S. Must have SSN 	<ul style="list-style-type: none"> Self-employed (independent contractors, sole proprietors)*** Owner-EEs who do not receive a W-2 (application seems to indicate "minority" ownership as 20% or less*) Partners 	<ul style="list-style-type: none"> Anyone with a 1099 is considered its own business under PPP and can apply for its own PPP loan (the reason why PPP had even bothered to ask if you have any 1099-MISC forms was only to determine if your business even qualified to apply for the PPP loan) 	Table 1 & 2	N/A	Top

*Indicates uncertain areas that remain to be clarified **FCRA: Families First Coronavirus Response Act, Section 7001 ***If you report business income on Schedule C of Form 1040, you can still qualify for forgiveness – please talk to your advisor

This information is for illustrative purposes only and is not intended to provide specific planning, financial, legal, or other types of advice for you and should not be relied upon in that regard. GPEC does not accept any responsibility for accuracy of outcomes of loan forgiveness application. Please consult appropriate financial or legal professionals for further assistance.



PPP Loan Forgiveness Application

Terminology	Definition	Definition does NOT include	Notes	Application Section		
				Schedule A Worksheet	Schedule A	Loan Forgiveness Calculation Form
Payroll Costs Eligible for Forgiveness	<p>Sum as paid to each EE by you:</p> <ol style="list-style-type: none"> Cash Compensation: <ul style="list-style-type: none"> Gross salary, wage, commission, and similar compensation (including bonus*) Payment of cash tip or equivalent Payment for paid leave (vacation PTO, parental, family, medical, or sick) Allowance for dismissal or separation Make-whole payments to furloughed EE* Benefits <ul style="list-style-type: none"> Payment for benefits (group healthcare/ dental/vision benefits including insurance premiums) Employer retirement plan contribution Payment of state or local tax assessed on compensation of EE <p>For non-EE (owner-employees, self-employed, or general partners):</p> <ul style="list-style-type: none"> Up to \$15,385 in pay for owners Based on 8-weeks of self-employment income (2019 Form 1040 Schedule C line 31 net profit amount) 	<ul style="list-style-type: none"> Cash compensation in excess of annualized \$100K - thus cap per EE is \$15,385 EE (\$100K / 52 weeks * 8-week = \$15,385) Qualified sick and family leave wages under FFCRA** Your (employer) share of federal taxes on compensation (e.g., FICA) Payments to independent contractors (1099) 	<ul style="list-style-type: none"> ≥75% of total loan forgiveness must be Payroll Costs Count ONLY ONCE any cost that was both incurred and paid Payroll Costs are eligible if they were: <ol style="list-style-type: none"> Both <u>incurred</u> (day that EE worked) during CP/APCP <u>and paid</u> (day the paycheck is distributed or the day you originate an ACH credit transaction*) during CP/APCP <u>Incurred</u> during CP/APCP <u>but paid</u> by your next regular payroll date after CP/APCP <u>Incurred</u> one* pay period before CP/APCP <u>but paid</u> during CP/APCP 	Table 1 & 2 (Cash Compensation)	Line 1 & 4 (Cash Compensation) Line 6 – 9: other	Line 1 & 10
Nonpayroll Costs Eligible for Forgiveness	<ol style="list-style-type: none"> Business mortgage INTEREST only on any mortgage signed before Feb 15, 2020 Business rent or lease payments (includes personal property lease such as leased equipment) on any rental/lease agreement in place before Feb 15, 2020 Business utilities (electricity, gas, water, transportation, telephone, or internet access) on any service that began before Feb 15, 2020 	<ul style="list-style-type: none"> Mortgage: excludes prepayment or payment of principal Excludes interest on a term loan or line of credit, including PPP loan Utility may exclude trash, sewage, hosting (e.g., Amazon Web Services)* 	<ul style="list-style-type: none"> Up to 25% of total loan forgiveness may be Nonpayroll Costs Count ONLY ONCE any cost that was both incurred and paid Nonpayroll Costs are eligible if they were: <ul style="list-style-type: none"> Incurred during CP and paid during CP Incurred during CP and paid by your next regular billing date after CP Owed in arrears before CP and paid during CP 	N/A	N/A	Line 2 – 4

*Indicates uncertain areas that remain to be clarified **FFCRA: Families First Coronavirus Response Act, Section 7001

This information is for illustrative purposes only and is not intended to provide specific planning, financial, legal, or other types of advice for you and should not be relied upon in that regard. GPEC does not accept any responsibility for accuracy of outcomes of loan forgiveness application. Please consult appropriate financial or legal professionals for further assistance.



PPP Loan Forgiveness Application

Terminology	Definition	Definition does NOT include	Notes	Application Section		
				Schedule A Worksheet	Schedule A	Loan Forgiveness Calculation Form
Avg FTE	<ul style="list-style-type: none"> Average Full-Time Equivalent (FTE) "Avg # of hours paid per week" / 40 (round to nearest tenth) Maximum per EE is capped at 1.0 (or, if you want to skip the math and simplify, enter "1.0" for EE who work ≥40 hours, and "0.5" for EE who work <40 hours) 		<ul style="list-style-type: none"> Applies to CP / APCP References hours PAID not necessarily WORKED Although amounts paid to owners are eligible for forgiveness, owners are not included in FTE calculations 	Table 1 & 2	Line 2 & 5	N/A
Salary/Hourly Wage Reduction Safe Harbor (Calculation)	This calculation applies only if you reduced salary or hourly wages for any EE by >25% during CP/APCP (vs during Jan 1, 2020 to Mar 31, 2020). If you restored salary/hourly wages, you can avoid the reduced forgivable amount if you restored your salary/hourly wage levels			Table 1	Line 3	N/A
FTE Reduction Exceptions	<p>Sum the FTE of both</p> <ol style="list-style-type: none"> Any positions for which you made a good-faith, written offer to rehire an EE during CP/APCP which was rejected by that EE, and Any EEs who during CP/APCP were a) fired for cause, b) voluntarily resigned, or c) voluntarily requested and received a reduction of their hours <p>Enter this total # only if the position(s) was not filled by a new EE</p>		<ul style="list-style-type: none"> This helps you avoid a reduction in forgivable loan amount 	Table 1	N/A	N/A
FTE Reduction Safe Harbor (Calculation)	You are exempt from the reduction in loan forgiveness based on FTE EE described in PPP Schedule A if both 1) you had reduced your FTE EE levels from Feb 15, 2020 to Apr 26, 2020; and 2) you then restored your FTE EE levels by Jun 30, 2020 to your FTE EE levels in your pay period that included Feb 15, 2020			Calculation	Line 11	N/A
FTE Reduction (Calculation)	Determines how much of your forgivable loan amount should be reduced from reduced staffing (headcount and/or payroll)			N/A	Line 11 – 13	N/A

**Indicates uncertain areas that remain to be clarified **FFCRA: Families First Coronavirus Response Act, Section 7001*

This information is for illustrative purposes only and is not intended to provide specific planning, financial, legal, or other types of advice for you and should not be relied upon in that regard. GPEC does not accept any responsibility for accuracy of outcomes of loan forgiveness application. Please consult appropriate financial or legal professionals for further assistance.





Step 1: Documentation

(Page 10)

Documentation Overview

- Intent of the Payroll Protection Program (PPP) loan is to continue employment of staff as part of your business' long-term viability
- Purpose of this forgiveness application is to determine how much of your PPP loan is eligible for forgiveness
 - Amount of loan forgiveness is a calculation process based on guidance by SBA. Your lender will review your supporting documentation to ensure that your business is eligible for loan forgiveness
 - Primary criteria for loan forgiveness are employee headcount and employee compensation: decreases in either could potentially decrease the amount of your loan forgiveness
- All documentation must be retained on file for 6 years after loan is forgiven or paid in full
- As you start gathering documentation listed below, decide whether you will use "Covered Period (CP)"* or "Alternative Payroll Covered Period (APCP)"*

**see DEFINITIONS for clarity*

This information is for illustrative purposes only and is not intended to provide specific planning, financial, legal, or other types of advice for you and should not be relied upon in that regard. GPEC does not accept any responsibility for accuracy of outcomes of loan forgiveness application. Please consult appropriate financial or legal professionals for further assistance.



Documentation

Documents that you MUST submit to your Lender

1. PPP Schedule A (see slide 11)
2. PPP Loan Forgiveness Calculation Form (see slide 13)
3. Payroll
 - a. Bank statements or third-party payroll service provider reports documenting how much “cash compensation”* was paid to EEs
 - b. Tax forms (or equivalent third-party payroll service provider reports) for the periods that overlap with CP or APCP:
 - i. payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941); and
 - ii. state quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state
 - c. Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to EE health insurance and retirement plans that you included in the forgiveness amount (PPP Schedule A, lines 6, 7 – see slide 11)
4. FTE: documentation (payroll tax filings reported to IRS and state income and/or payroll and unemployment insurance filings) that shows Avg FTEs* on your payroll per month during ONE of the following periods (you pick):
 - a. Feb 15, 2019 – Jun 30, 2019, or
 - b. Jan 1, 2020 – Feb 29, 2020, or
 - c. (if seasonal employer) (a), (b), or any consecutive 12-week period between May 1, 2019 and Sep 15, 2019

Whether you pick (a), (b), or (c), it must be the same time period you select for PPP Schedule A, line 11 (see slide 11)
5. Nonpayroll: documentation for your business that 1) verifies existence of the obligations/services in place before Feb 15, 2020 and 2) paid during CP
 - a. mortgage interest:
 - a. copy of lender amortization schedule, and receipts or cancelled checks that verify payments from CP, or
 - b. lender account statements from Feb 2020, month(s) covering CP, and one additional month after end of CP that verifies eligible interest and payments
 - b. rent or lease payments:
 - a. copy of current lease agreement, and receipts or cancelled checks verifying eligible payments from CP, or
 - b. lessor account statements from Feb 2020, month(s) covering CP, and one additional month after end of CP that verifies eligible payments
 - c. utility payments:
 - a. copy of invoices from Feb 2020 and during CP, and
 - b. receipts, cancelled checks, or account statements verifying those eligible payments

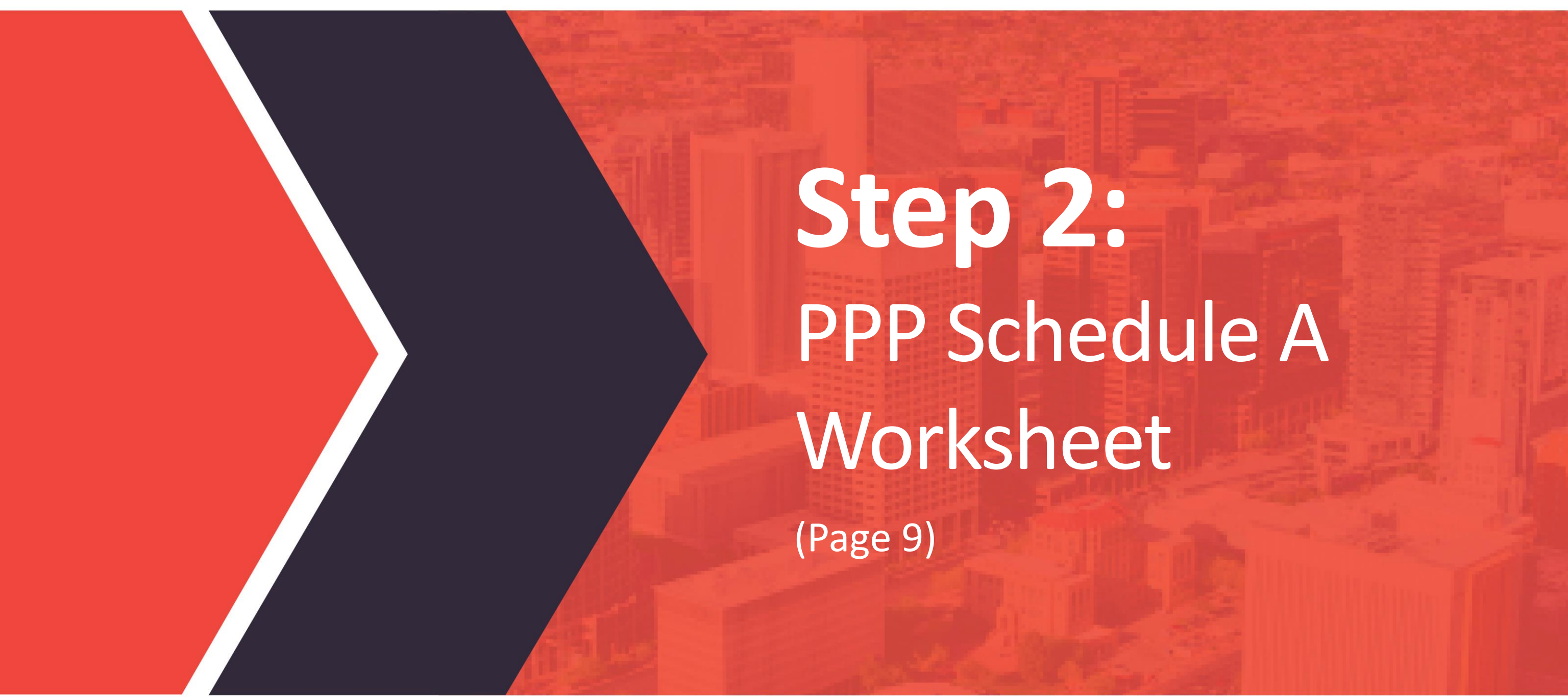
*see *DEFINITIONS* for clarity

This information is for illustrative purposes only and is not intended to provide specific planning, financial, legal, or other types of advice for you and should not be relied upon in that regard. GPEC does not accept any responsibility for accuracy of outcomes of loan forgiveness application. Please consult appropriate financial or legal professionals for further assistance.

Documents you do not need to submit but should have on hand

1. Documentation for any EE that qualifies under the FTE Reduction Exceptions (see *DEFINITIONS*), e.g., letter of resignation
2. Back-up calculation (show your work) for all parts of PPP Schedule A Worksheet
3. Back-up calculation (show your work) for all three calculations (see *CALCULATIONS*)





Step 2: PPP Schedule A Worksheet

(Page 9)

PPP Schedule A Worksheet

Table 1 (top)

is for EEs who make \leq \$100K in annualized compensation for all pay periods in 2019 OR were employed only in 2020

Table 2 (center)

is for EEs who make $>$ \$100K annualized for all pay periods in 2019

- EE's name: list; add extra page(s) if you need to list more
- EE identifier: last 4 digits of SSN
- Cash Compensation: see DEFINITIONS. Each cell in both Table 1 and Table 2 should have a value that is \geq \$15,385
- Average FTE: see DEFINITIONS
- Salary/Hourly Wage Reduction:
 - only applies if you reduced salary or hourly wages by $>$ 25% during CP/APCP (vs. during Jan 1, 2020 through Mar 31, 2020). See CALCULATIONS
 - by definition, this doesn't apply to EE who earned more than \$100K in 2019, so this column does not exist for Table 2
- FTE Reduction Exceptions:
 - Any FTE reductions in these cases do NOT reduce your loan forgiveness amount
- Boxes 1-5: sum the column

FTE Reduction Safe Harbor: see CALCULATIONS

Paycheck Protection Program
Loan Forgiveness Application

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

PPP Schedule A Worksheet

Table 1: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of less than or equal to \$100,000 for all pay periods in 2019 or were not employed by the Borrower at any point in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
FTE Reduction Exceptions:				
Totals:		Box 1	Box 2	Box 3

Table 2: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of more than \$100,000 for any pay period in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE
Totals:		Box 4	Box 5

Attach additional tables if additional rows are needed.

FTE Reduction Safe Harbor:

Step 1. Enter the borrower's total average FTE between February 15, 2020 and April 26, 2020. Follow the same method that was used to calculate Average FTE in the PPP Schedule A Worksheet Tables. Sum across all employees and enter: _____

Step 2. Enter the borrower's total FTE in the Borrower's pay period inclusive of February 15, 2020. Follow the same method that was used in step 1: _____

Step 3. If the entry for step 2 is greater than step 1, proceed to step 4. Otherwise, the FTE Reduction Safe Harbor is not applicable and the Borrower must complete line 13 of PPP Schedule A by dividing line 12 by line 11 of that schedule.

Step 4. Enter the borrower's total FTE as of June 30, 2020: _____

Step 5. If the entry for step 4 is greater than or equal to step 2, enter 1.0 on line 13 of PPP Schedule A; the FTE Reduction Safe Harbor has been satisfied. Otherwise, the FTE Reduction Safe Harbor does not apply and the Borrower must complete line 13 of PPP Schedule A by dividing line 12 by line 11 of that schedule.



Step 3:

PPP Schedule A

(Page 6)

PPP Schedule A

PPP Schedule A Worksheet, Table 1 and Table 2 Totals

- Lines 1-5: enter from Schedule A Worksheet
 - Line 3: If the avg annual salary/hourly wage for each EE listed on Schedule A Worksheet, Table 1 during CP/APCP was $\geq 75\%$ of such [sic] EE's avg annual salary/hourly wage from Jan 1, 2020 to Mar 31, 2020, check here and enter "0"

Non-Cash Compensation Payroll Costs During CP or APCP

(remember lines 6-8 are in addition to the annualized cash compensation cap of \$100K)

- Lines 6: pull from your bill or payroll report (if you have a third-party payroll provider, they may have a prepared report)
 - includes employer contributions to self-insured, employer-sponsored group health plan
 - excludes pre-tax or after-tax contributions by EE
- Lines 7: pull from payroll register or retirement submission document to your plan
 - excludes pre-tax or after-tax contributions by EE
- Lines 8: pull from tax return or payroll register
 - e.g., state unemployment insurance tax
 - excludes taxes withheld from EE earnings

Paycheck Protection Program Loan Forgiveness Application		OMB Control Number 3245-0 Expiration Date: 10/31/2
PPP Schedule A		
<u>PPP Schedule A Worksheet, Table 1 Totals</u>		
Line 1.	Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1:	_____
Line 2.	Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1:	_____
Line 3.	Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1: If the average annual salary or hourly wage for each employee listed on the PPP Schedule A Worksheet, Table 1 during the Covered Period or the Alternative Payroll Covered Period was at least 75% of such employee's average annual salary or hourly wage between January 1, 2020 and March 31, 2020, check here <input type="checkbox"/> and enter 0 on line 3.	_____
<u>PPP Schedule A Worksheet, Table 2 Totals</u>		
Line 4.	Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2:	_____
Line 5.	Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2:	_____
<u>Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period</u>		
Line 6.	Total amount paid by Borrower for employer contributions for employee health insurance:	_____
Line 7.	Total amount paid by Borrower for employer contributions to employee retirement plans:	_____
Line 8.	Total amount paid by Borrower for employer state and local taxes assessed on employee compensation:	_____
<u>Compensation to Owners</u>		
Line 9.	Total amount paid to owner-employees/self-employed individual/general partners: This amount may not be included in PPP Schedule A Worksheet, Table 1 or 2. If there is more than one individual included, attach a separate table that lists the names of and payments to each.	_____
<u>Total Payroll Costs</u>		
Line 10.	Payroll Costs (add lines 1, 4, 6, 7, 8, and 9):	_____
<u>Full-Time Equivalency (FTE) Reduction Calculation</u> If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check here <input type="checkbox"/> , skip lines 11 and 12 and enter 1.0 on line 13.		
Line 11.	Average FTE during the Borrower's chosen reference period:	_____
Line 12.	Total Average FTE (add lines 2 and 5):	_____
Line 13.	FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met:	_____



PPP Schedule A (continued)

Compensation to Owners

- Line 9: pull from federal tax filing document
 - these individuals should not be in either Table 1 or 2 from Schedule A Worksheet (remember healthcare and retirement costs of owners/general partners are not forgivable)
 - capped also at \$15,385 for the lower of a) each individual OR b) 8-week equivalent of EE applicable compensation in 2019 (prevents an owner from increasing her compensation during the CP/APCP to maximize forgiveness)

FTE Reduction Calculation

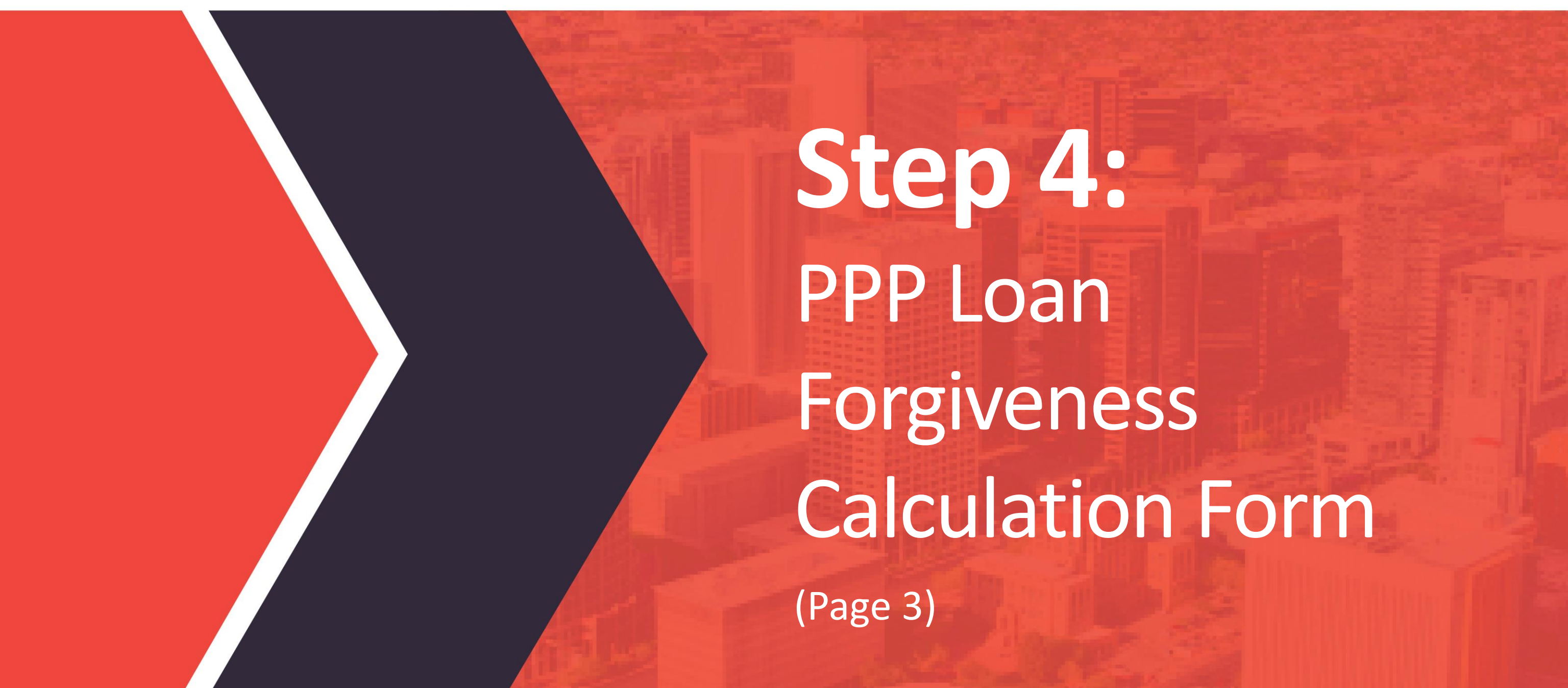
If your staffing level is the same on Jan 1, 2020 as it is the last day of your CP, then check the box and enter "1.0" on line 13 (FTE Reduction Safe Harbor is met = no reduction required). Otherwise, lines 11-13 calculates how much your forgivable amount should be reduced from reduced staffing (headcount or payroll) – if at all

- Line 11: see CALCULATIONS
- Line 12: purpose is to calculate the reduction in forgiveness if staffing is reduced and not replaced
- Line 13: if >1.0, enter 1.0*

Paycheck Protection Program Loan Forgiveness Application		OMB Control Number 3245-0 Expiration Date: 10/31/2
PPP Schedule A		
<u>PPP Schedule A Worksheet, Table 1 Totals</u>		
Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1:		_____
Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1:		_____
Line 3. Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1: If the average annual salary or hourly wage for each employee listed on the PPP Schedule A Worksheet, Table 1 during the Covered Period or the Alternative Payroll Covered Period was at least 75% of such employee's average annual salary or hourly wage between January 1, 2020 and March 31, 2020, check here <input type="checkbox"/> and enter 0 on line 3.		_____
<u>PPP Schedule A Worksheet, Table 2 Totals</u>		
Line 4. Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2:		_____
Line 5. Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2:		_____
<u>Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period</u>		
Line 6. Total amount paid by Borrower for employer contributions for employee health insurance:		_____
Line 7. Total amount paid by Borrower for employer contributions to employee retirement plans:		_____
Line 8. Total amount paid by Borrower for employer state and local taxes assessed on employee compensation:		_____
Compensation to Owners		_____
Line 9. Total amount paid to owner-employees/self-employed individual/general partners: This amount may not be included in PPP Schedule A Worksheet, Table 1 or 2. If there is more than one individual included, attach a separate table that lists the names of and payments to each.		_____
<u>Total Payroll Costs</u>		
Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9):		_____
Full-Time Equivalency (FTE) Reduction Calculation		_____
If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check here <input type="checkbox"/> , skip lines 11 and 12 and enter 1.0 on line 13.		
Line 11. Average FTE during the Borrower's chosen reference period:		_____
Line 12. Total Average FTE (add lines 2 and 5):		_____
Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met:		_____

*indicates uncertain areas that remain to be clarified





Step 4: PPP Loan Forgiveness Calculation Form

(Page 3)

PPP Loan Forgiveness Calculation Form

(select prompts detailed below)

Top of Application

- SBA PPP Loan #: 10-digit # assigned by SBA (ask Lender if you need)
- Lender PPP Loan #: should be on closing documents (ask Lender if you need)
- PPP Loan Amount: this total is the “principal” = maximum amount of loan eligible for forgiveness (note that accrued interest, which starts on the disbursement date, is no longer forgivable)
- PPP Loan Disbursement Date: see DEFINITIONS
- EE at Time of Loan: actual # does not affect determination of forgiveness (we recommend writing in both headcount and FTE)*
- EE at Time of Forgiveness: actual # does not affect determination of forgiveness; enter # as of signed date of Form on page 2 (we recommend writing in both headcount and FTE)*
- EIDL information: applies to EIDL received between Jan 31, 2020 and Apr 3, 2020
 - Any EIDL amount received after Jan 31, 2020 AND used to cover payroll, was LIKELY refinanced into your PPP loan (SBA will reduce the forgivable amount by any EIDL Advance received, per Line 11)
- If Borrower...: ONLY check if loan is over \$2mm (loans with \leq \$2mm receive safe harbor and trusted to made required certification that loan was necessary in good faith)

*indicates uncertain areas that remain to be clarified

Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
Business Address		Business TIN (EIN, SSN)	Business Phone
		Primary Contact	E-mail Address

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

PPP Loan Forgiveness Calculation Form

SBA PPP Loan Number: _____ Lender PPP Loan Number: _____

PPP Loan Amount: _____ PPP Loan Disbursement Date: _____

Employees at Time of Loan Application: _____

Employees at Time of Forgiveness Application: _____

EIDL Advance Amount: _____ EIDL Application Number: _____

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

Weekly Biweekly (every other week) Twice a month Monthly Other _____

Covered Period: _____ to _____

Alternative Payroll Covered Period, if applicable: _____ to _____

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs

Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10): _____

Line 2. Business Mortgage Interest Payments: _____

Line 3. Business Rent or Lease Payments: _____

Line 4. Business Utility Payments: _____

Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions

Line 5. Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 3): _____

Line 6. Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5: _____

Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13): _____

Potential Forgiveness Amounts

Line 8. Modified Total (multiply line 6 by line 7): _____

Line 9. PPP Loan Amount: _____

Line 10. Payroll Cost 75% Requirement (divide line 1 by 0.75): _____

Forgiveness Amount

Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10): _____



PPP Loan Forgiveness Calculation Form (continued)

(select prompts detailed below)

Payroll and Nonpayroll Costs

Only include payments you want to be considered for forgiveness

- Line 1: see DEFINITIONS, includes amounts incurred or paid during CP/APCP
- Line 2-4: see DEFINITIONS

Adjustments for FTE and Salary/Hourly Wage Reductions

- Line 5: amount is the loan forgiveness reduction required for salary/hourly wage reductions in excess of 25% for certain EEs as described in PPP Schedule A
- Line 6: if <0, enter "0"

Potential Forgiveness Amounts

We determine the forgiveness amount

- Line 10: ensures that no more than 25% of potential forgiveness amount was used on nonpayroll costs

Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
Business Address		Business TIN (EIN, SSN)	Business Phone
		Primary Contact	E-mail Address

SBA PPP Loan Number: _____ Lender PPP Loan Number: _____
 PPP Loan Amount: _____ PPP Loan Disbursement Date: _____
 Employees at Time of Loan Application: _____
 Employees at Time of Forgiveness Application: _____
 EIDL Advance Amount: _____ EIDL Application Number: _____
 Payroll Schedule: The frequency with which payroll is paid to employees is:
 Weekly Biweekly (every other week) Twice a month Monthly Other _____
 Covered Period: _____ to _____
 Alternative Payroll Covered Period, if applicable: _____ to _____
 If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs
 Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10): _____
 Line 2. Business Mortgage Interest Payments: _____
 Line 3. Business Rent or Lease Payments: _____
 Line 4. Business Utility Payments: _____
Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions
 Line 5. Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 3): _____
 Line 6. Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5: _____
 Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13): _____
Potential Forgiveness Amounts
 Line 8. Modified Total (multiply line 6 by line 7): _____
 Line 9. PPP Loan Amount: _____
 Line 10. Payroll Cost 75% Requirement (divide line 1 by 0.75): _____
Forgiveness Amount
 Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10): _____





Calculations

Salary/Hourly Wage Reduction Safe Harbor Calculation

Applies to:

- Schedule A Worksheet: Table 1
- Schedule A: Line 3
- Calculation Form: n/a

The SBA wants to determine if your forgivable loan amount needs to be reduced. This particular calculation only applies if you reduced salary or hourly wages for any employee (EE) by >25% during your CP/APCP (vs. during Jan 1, 2020 to Mar 31, 2020). If you did reduce by >25% AND also then restored salary/hour wages, you can avoid a reduced forgivable loan amount. Determine by the following calculation:

Step 1	Determine if pay was reduced >25%:			Example
	1a	Enter avg annual salary OR hourly wage during CP/APCP:	1a	\$ 20,000
	1b	Enter avg annual salary OR hourly wage between Jan 1, 2020 and Mar 31, 2020 (Q1):	1b	\$ 35,000
	1c	Divide: "1a" / "1b":	1c	0.57
	If 1c is ≥ 0.75 , no reduction is required for this EE; enter "0" in the column for that EE. You are done			
	If 1c is < 0.75 , a reduction is required for this EE (although that reduction may be reinstated); go to Step 2 to determine what to enter			



Salary/Hourly Wage Reduction Safe Harbor Calculation

(continued)

Step 2	Determine if the Salary/Hourly Wage Reduction Safe Harbor is met:			Example
	2a	Enter annual salary OR hourly wage as of Feb 15, 2020:	2a	\$ 35,000
	2b	Enter avg annual salary OR hourly wage between Feb 15, 2020 and Apr 26, 2020:	2b	\$ 25,000
	If 2b is \geq 2a, skip to Step 3			
	If 2b is $<$ 2a, go to 2c			
	2c	Enter avg annual salary or hourly wage as of Jun 30, 2020:	2c	\$ 32,500
	If 2c is \geq 2a, the Salary/Hourly Wage Reduction Safe Harbor has been met. Enter "0" in the column for that EE. You are done			
	If 2c is $<$ 2a, go to Step 3			



Salary/Hourly Wage Reduction Safe Harbor Calculation

(continued)

Step 3	Determine the Salary/Hourly Wage Reduction:			Example
	3a	Multiply: "1b" x 0.75:	3a	\$ 26,250
	3b	Subtract: "3a" - "1a":	3b	\$ 6,250
	If EE is hourly: compute total dollar amount of reduction that exceeds 25%:			
	3c	Enter avg number of hours worked per week between Jan 1, 2020 and Mar 31, 2020:	3c	-
	3d	Multiply: "3b" x "3c" x 8:	3d	-
	Enter this value in column for that EE. You are done			
	If EE is salaried: compute total dollar amount of reduction that exceeds 25%:			
	3e	Multiply: "3b" x 8; then divide by 52:	3e	\$ 961.54
	Enter this value in column for that EE. You are done			



FTE Reduction Safe Harbor Calculation

A goal of the PPP loan is to keep employment at pre-COVID-19 levels. For SMBs that reduced (fired/laid off/furloughed) headcount from Feb 15, 2020 to Apr 26, 2020, the SBA wants to give you the opportunity to use the PPP loan money to return to your original staffing level (before Feb 15, 2020). Thus if your Average FTE decreased from Feb 15 to Apr ,UT you then restored your Average FTE by Jun 30, 2020 to the level it was during your Feb 15, 2020 pay period, your forgivable loan will not be reduced.

This exception is called the “FTE Reduction Safe Harbor”. Determine if you meet this Safe Harbor by the following calculation:

Applies to:

- Schedule A Worksheet: bottom of page
- Schedule A: Line 11
- Calculation Form: n/a

		<u>Example</u>
Step 1	Enter your total Avg FTE from Feb 15, 2020 and Apr 26, 2020:	5
Step 2	Enter your total Avg FTE that is in your pay period that includes Feb 15, 2020:	6.4
Step 3	If answer for Step 2 is \leq answer for Step 1: Safe Harbor is not applicable; complete line 13 on Schedule A If answer for Step 2 is larger than Step 1: go to Step 4	
Step 4	Enter your total FTE as of Jun 30, 2020 (end date for CARES Act):	6.4 (means I rehired people)
Step 5	If answer for Step 4 is \geq answer for Step 2: Safe Harbor is met; enter "1.0" on line 13 of PPP Schedule A If answer for Step 4 < answer for Step 2: Safe Harbor is not met; complete line 13 on Schedule A	



FTE Reduction Calculation

If your staffing level is the same on Jan 1, 2020 as it is the last day of your CP, then check the box and enter “1.0” on line 13. Otherwise, Schedule A’s lines 11-13 are designed to calculate how much your forgivable amount should be reduced because of reduced staffing (headcount or payroll) – if at all.

Is your Average FTE during CP/APCP less than any of the following “reference periods (you pick)”:

- a) Feb 15, 2019 – Jun 30, 2019 (for YOY comparison with 2020), or
- b) Jan 1, 2020 – Feb 29, 2020 (for 2020 before PPP-determined Feb 15 date), or
- c) Seasonal employer: (a), (b), or any 12-week period between May 1, 2019 and Sep 15, 2019?

If no (your Average FTE did not decrease), then your forgivable loan amount is not affected.

If yes (your Average FTE did decrease during a, b, or c), then your entire forgivable loan amount will decrease by a fraction.

Applies to:

- Schedule A Worksheet: n/a
- Schedule A: Lines 11-13
- Calculation Form: n/a



FTE Reduction Calculation

(continued)

Applies to:

- Schedule A Worksheet: n/a
- Schedule A: Lines 11-13
- Calculation Form: n/a

Ex.: Wooby has a PPP loan disbursement date of Apr 10 for \$20K, and incurred \$20K of costs eligible for forgiveness during CP.

During these 8 weeks, Wooby had the following employees:

Employee	(a) Feb 15-Jun 30 (2019)		(b) Jan 1-Feb 29 (2020)		During APCR: Apr 20-Jun 14 (2020)			
	Avg hrs paid/wk	Avg FTE (/40, cap at 1.0)	Avg hrs paid/wk	Avg FTE (/40, cap at 1.0)		Avg hrs paid/wk	Avg FTE (/40, cap at 1.0)	Simplified FTE*
Lucy	45	45/40 = 1.0	45	45/40 = 1.0	Able to bark remotely	45	45/40 = 1.0	1.0
Hugo	40	40/40 = 1.0	40	40/40 = 1.0	Parental leave (had puppies)	40	40/40 = 1.0	1.0
Billy	40	40/40 = 1.0	40	40/40 = 1.0	Reduced hours	28	25/40 = 0.6	0.5
Dottie	40	40/40 = 1.0	28	28/40 = 0.7	Reduced hours	20	20/40 = 0.5	0.5
Hercules	32	32/40 = 0.8	28	28/40 = 0.7	Laid off but paid severance	20	20/40 = 0.5	0.5
Scout	40	40/40 = 1.0	40	40/40 = 1.0	Unpaid furlough			
Justice	40	40/40 = 1.0	40	40/40 = 1.0	Unpaid furlough			
Total		6.8		6.4			3.6	3.5

To maximize forgiveness, Wooby chose reference period (b), so his eligible amount of forgiveness for his PPP loan: $3.6 / 6.4 * \$20K = \$11,250$

*You can opt to use a simplified version of "1.0" for EE who work ≥40 hours, and "0.5" for EE who work <40 hours) While amounts paid to owners are eligible for forgiveness, owners are not included in FTE calculations



Greater Phoenix Greater Together

LIKE. COMMENT. SHARE.

