



Paycheck Protection Program Loan Forgiveness Guide

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PPP Loan Forgiveness Steps

Forgiveness Steps

- Review Available Resources
- Understand Your Loan Amount
- Determine Your Covered Period
- Document Eligible Payroll and Non-payroll Costs
- Calculate Your Average FTE
- Identify FTE and Salary/Wages Reductions
- Decide Whether Restoration of FTE and Salary/Wage Reduction Is Possible
- Identify EIDL Advance Amount
- Apply With Your Lender

PPP Loan Forgiveness Application

When and Where to Apply

- Apply with your lender – likely a bank-specific portal
- Apply no later than 10 months after the end of your Covered Period

EZ Form

- You are a self-employed individual, independent contractor, or sole proprietor who had no employees at the time of the PPP loan application and did not include any employee salaries when you applied for your PPP loan
- You did not reduce salaries or wages by more than 25% during the Covered Period AND you did not reduce FTE between January 1 and the end of your Covered Period
- You did not reduce salaries or wages by more than 25% during the Covered Period AND you were unable to operate during the Covered Period at the same level of business activity due to compliance with federal, state, or local orders

PPP Loan Forgiveness Application

Regular Form

- All others

FTE Reduction - Safe Harbors

- Safe Harbor #1: You were unable to operate during the Covered Period at the same level of business activity due to compliance with federal, state, or local orders
- Safe Harbor #2: You reduced your FTE between February 15 and April 26, but no later than December 31 you have restored your FTE to the same level included in the February 15 pay period

Average FTE

During the Covered Period/Alternative Payroll Covered Period

- Based on 40-hour work week
- For each employee, calculate:
 - Either total the number of hours paid per week, divide by 40, and round the total to the nearest tenth; the maximum for each employee is 1.0.
 - OR assign 1.0 to employees who work 40 hours or more per week and 0.5 to employees who work less than 40 hours per week

During the Comparison Period

- Choose either February 15 – June 30, 2019 OR January 1 – February 29, 2020
- Based on 40-hour work week
- Same calculation as above for each employee

Forgiveness Reduction

FTE Forgiveness Reduction

- If your average FTE during your Covered Period/Alternative Payroll Covered Period is less than your average FTE during the Comparison Period, your forgiveness amount will be reduced
- Exceptions:
 - You made a good-faith written offer to hire back an employee during your Covered Period/Alternative Payroll Covered Period, which the employee rejected
 - You fired an employee for cause
 - An employee voluntarily resigned or asked for reduction in hours
 - AND you did not fill the position with a new employee

Salary/Wages Forgiveness Reduction

- If you reduced any employee's salary or wages by more than 25%, your forgiveness amount will be reduced

Forgiveness Restoration

Forgiveness Restoration

- Applies only to FTE and salary/wages reductions from February 15 – April 26, 2020
- FTE:
 - Determine number of FTE on February 15, 2020 AND on either the date of the loan forgiveness application or December 31, 2020
 - If the number of FTE on the date of the loan forgiveness application or December 31, 2020 is equal to or greater than the number of FTE on February 15, 2020, the amount of forgiveness reduced due to FTE reduction will be restored
- Salary/Wage:
 - Determine the annualized salary/wages of each employee on February 15, 2020 AND on either the date of the loan forgiveness application or December 31, 2020
 - If the annualized salary/wages on the date of the loan forgiveness application or December 31, 2020 is equal to or greater than the annualized salary/wage on February 15, 2020, the amount of forgiveness reduced due to salary/wage reduction will be restored

Treasury – Resource Bank

Treasury Website

- <https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>
- Forgiveness Application Templates
- Forgiveness Application Instructions
- Forgiveness FAQ

Other Items

Interest Accrual

- None if you apply no later than 10 months after the end of your Covered Period

EIDL Advances

- Any EIDL advances received will be subtracted from the forgiveness amount

Required Certifications and Audit Notice

- Note the required certifications and 6-year audit window

Forgiveness Application Template

- Practice the forgiveness calculations with the forgiveness application template,

Unforgiven Amount

- 1% interest and 2-year maturity; payments deferred for 6 months

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Farber Schreck**



Questions? Thank you!

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