

# PPP LOAN FORGIVENESS DOCUMENTATION CHECKLIST

The SBA has provided detailed guidelines on documentation in its recently released PPP Loan Forgiveness Application instructions on “PPP Schedule A”. We suggest taxpayers review these in detail and implement appropriate internal procedures to meet the various disclosure requirements.

In summary, you **Must Submit and/or Maintain** the following records:

## PAYROLL BACKUP

- Cash Payments:** Bank account statements or third-party payroll service provider reports documenting the amount of cash compensation paid to employees.
- Federal and State Payroll:** Tax forms (or equivalent third-party payroll service provider reports) for the periods that overlap with the Covered Period or the Alternative Payroll Covered Period.
  - Federal Payroll Filings:** Payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941) and
  - State Payroll Filings:** State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state.
- Non-cash Benefit Payments:** Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to employee health insurance and retirement plans that the Borrower included in the forgiveness amount (PPP Schedule A, lines (6) and (7)).

## FULL-TIME EQUIVALENTS (FTEs)

- Last Year’s FTEs:** The average number of FTE employees on payroll per month employed by the Borrower between February 15, 2019 and June 30, 2019;
- Current FTEs:** The average number of FTE employees on pay-roll per month employed by the Borrower between January 1, 2020 and February 29, 2020; or
- Seasonal FTEs:** In the case of a seasonal employer, the average number of FTE employees on payroll per month between February 15, 2019 and June 30, 2019; between January 1, 2020 and February 29, 2020; or any consecutive twelve-week period between May 1, 2019 and September 15, 2019.

The selected time period must be the same time period selected for purposes of completing PPP Schedule A, line 11. Documents may include payroll tax filings and state quarterly business and individual employee wage reporting and unemployment insurance tax filings. Documents submitted may cover periods longer than the specific time period.

## NON-PAYROLL DOCUMENTATION

Documentation verifying the existence of obligations and service period **prior to February 15, 2020**

- Business mortgage & interest payments:** Copy of lender amortization schedule and receipts or cancelled checks verifying eligible payments; or lender account statements from February 2020 and the months of the Covered Period through one month after the end of the Covered Period verifying interest amounts and eligible payments.
- Business rent or lease payments:** Copies of current lease agreements and receipts or cancelled checks verifying eligible payments; or lessor account statements from February 2020 and from the Covered Period through one month after the end of the Covered Period verifying eligible payments.
- Business utility payments:** Invoice copies from February 2020 and those paid during the Covered Period and receipts, cancelled checks, or account statements verifying those payments. Covered utilities include electricity, gas, water, transportation, telephone, and internet access.

## Documentation to be MAINTAINED but is NOT REQUIRED to be SUBMITTED

- Documentation supporting the listing of each individual employee in PPP Schedule A Table 1, including the “Salary/Hourly Wage Reduction” calculation, if necessary.
- Documentation supporting the listing of each individual employee in PPP Schedule A Table 2 (Specifically, that each listed employee received during any single pay period in 2019 compensation at an annualized rate of more than \$100,000.
- Documentation regarding any employee job offers and refusals, firings for cause, voluntary resignations, and written requests by any employee for reductions in work hours/days.
- Documentation supporting the PPP Schedule A Worksheet “FTE Reduction Safe Harbor.”

*The Borrower must maintain all records relating to the PPP loan, including documentation submitted with the original loan application, supporting documents and certification of the Borrower’s necessity of the loan eligibility and request, the above documentation to support the application for forgiveness, and supporting documents that demonstrate the Borrower’s compliance with PPP requirements.*

*The Borrower is to retain all such documentation in its files for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of SBA to access such files upon request.*