

*Please reach out to your VillageMD market leader with questions and concerns.*

On May 15, 2020, the Paycheck Protection Program (PPP) Loan Forgiveness Application was released [here](#) by the Small Business Administration, in consultation with the Department of Treasury. The PPP was created by the CARES Act to provide forgivable loans to eligible small businesses to keep American workers on the payroll during the COVID-19 pandemic. The application will help small businesses seek forgiveness at the conclusion of the eight week covered period, which begins with the disbursement of their loans. The application expires on December 31, 2020.

Key points of clarification are below.

1. For administrative convenience, borrowers with biweekly payroll may elect to calculate eligible payroll costs using the 8 week period that begins on the first day of their first pay period following disbursement of the loan;
2. Mortgage obligations include payments of interest on real or personal property, but the obligation must have been in place prior to February 15, 2020;
3. Owner-employee or self-employed individual/general partners must not exceed eight weeks' worth of 2019 compensation during the 8 week period;
4. Non-cash compensation payroll costs are limited to employer contributions for employee health insurance and employee retirement plans, and employer state and local taxes assessed on employee compensation;
5. Full time equivalents ("FTEs") are considered on a 40 hour per week basis;
6. For the salary reduction calculation, borrowers must compare the average annual salary or hourly wage from January 1, 2020 to March 31, 2020 to the average annual salary or hourly wage during the 8 week period, and a specific calculation is provided for hourly workers; and
7. For the headcount reduction calculation rehired safe harbor, FTEs are counted as of June 30, 2020.