



## Paycheck Protection Program (“PPP”) Loan Forgiveness

It is not too early to think about the process of getting your PPP loan forgiven. Expenses incurred over eight weeks, **beginning on the day you received the first payment from your lender**, are eligible for forgiveness.

### General Requirements for Full Loan Forgiveness:

- At least 75% of funds must be used for costs associated with W-2 payroll (salary, benefits, sick leave, family leave, paid time off, and state/local taxes)
- No salary reduction of more than 25% per employee that makes less than \$100K annually (salaries above \$100K can be reduced to \$100k).
- No salary reductions in full-time employees. Essentially, you must maintain your staffing levels from the beginning to the end of the loan period.
- Payments to Independent Contractors are **not** included in payroll costs.

**Note:** If you have laid off workers prior to obtaining the loan, you can reinstate them and factor their pay into your loan forgiveness. The deadline to reinstate workers is June 30, 2020.

### Self-Employed Persons:

- Loan monies can be used to replace compensation, in part. Eight weeks of your 2019 net profit is eligible for forgiveness.
- Payments for rent, mortgage interest, or utilities must have been claimed as a deduction on Form 1040 Schedule C in 2019.

### Prepays:

Prepayment of rent, mortgage, or interest is not permissible with PPP loan funds and is not forgivable.

### Documents Necessary for Loan Forgiveness:

At minimum, you will need to provide the following documentation. Your lender may require additional documentation.

- Payroll reports from your payroll provider
- Payroll tax filing information (Form 941)
- Proof of payment of employee health, dental, vision, and retirement payments
- Documentation verifying rent, mortgage, lease payments, or auto loan interest if the car is used to make deliveries for business
- Documentation of utility payments

Once you apply for loan forgiveness, your lender has 60 days to respond.

### Calculate Your Loan Forgiveness:



[Use Intuit's Calculator \(https://aidassist.intuit.com/app/home#/loan\\_forgiveness/flow/A1\\_HasEmployees\)](https://aidassist.intuit.com/app/home#/loan_forgiveness/flow/A1_HasEmployees)

[Use BudgetEase's Simplified PPP Forgiveness Calculator](#)

### **Loan Not Forgiven?**

If your loan is not forgiven, interest is accrued at 1% for two years. There is no prepayment penalty or fees, should you pay it off in less than two years.

### **Need Help?**

We can help you track expenses attributable to your PPP loan. Contact us at [www.budgetease.biz](http://www.budgetease.biz) or call 216.333.1303 to find out more.