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# PPP Loan Forgiveness: New SBA Rules and EZ Application

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Paycheck Protection Program

## PPP Loan Forgiveness Application Released

Released May 15, 2020

## SBA Released New Program Guidance

Released May 22, 2020

## Paycheck Protection Flexibility Act of 2020

H.R.7010 signed into law June 5, 2020

## PPP Loan Forgiveness Application – EZ Form

Released June 20, 2020

# You May Use Form 3508EZ If Borrower Can Claim One of the Following Three Scenarios:

- ✓ You are self-employed **AND** do not have any employees
- ✓ You did not reduce the salaries or wages of your employees more than 25%\* **AND** you did not reduce the number or hours (FTE) of your employees between Jan 1, 2020, and the end of the Covered Period (ignore FTE reductions for allowable reasons)
- ✓ You experienced reductions in business activity as a result of health directives related to the Coronavirus (COVID-19) **AND** did not reduce the salaries or hourly wages of your employees more than 25%\*

\* Comparing your selected covered period to the baseline of January 1, 2020 to March 31, 2020.

# FTE Reductions That Will Not Reduce Your Forgiveness Amount

- You made a good-faith written offer to rehire employee who was laid off and they declined to return to work
- Employee was fired for cause
- Employee voluntarily resigned or voluntarily requested and received a reduction of their hours
- **Inability to rehire similarly qualified employees**
- **Inability to return to same level of business activity** as such business was operating at before 2/15/20 due to compliance with requirements established or guidance issued by HHS, CDC or OSHA during period of 3/1/20 to 12/31/20

DON'T  
FORGET



Have the  
employee sign a  
letter for each  
scenario.

# Allowable Payroll Costs:

- ✓ Salary, wage, commission, or similar compensation  
(**bonus, hazard pay**) – up to \$100k per employee prorated
- ✓ Vacation, paternal, family, medical or sick leave
- ✓ Allowances for dismissal or separation
- ✓ Payment required for provisions of group health care benefits, including insurance premiums
- ✓ Employer retirement benefits
- ✓ State or local tax assessed on the compensation of employees
- ✗ Excludes employer-paid FICA →

Filter payroll report to exclude employer-paid FICA.

Select Payroll Item

Search  
Payroll Item

- Reported Cash Tips (offset)
- Wage Advances
- Advance Earned Income Credit
- Federal Unemployment
- Federal Withholding
- Medicare Company
- Medicare Employee
- Social Security Company
- Social Security Employee

Select All Clear All

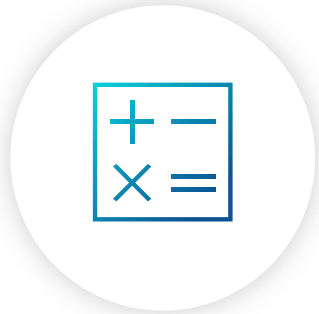
# Employee Cash Compensation (\$100k Proration)



- 8-week compensation is capped at \$15,385 per employee
- 24-week compensation is capped at \$46,154 per employee

Compensation for owners  
has additional stipulations.

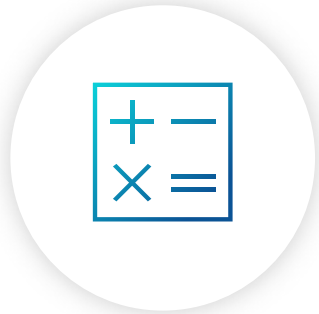
# Owner's Compensation (8-week Covered Period)



**Loan forgiveness is capped at whatever is lower.**

- **8-week** compensation capped at **\$15,385** (8/52 equivalent of \$100k per year), per individual **-OR-**
- **8/52 equivalent** of their applicable compensation in 2019
  - ✓ Owner-employees
  - ✓ Self-employed individual
  - ✓ General partners

# Owner's Compensation (24-week Covered Period)



**Loan forgiveness is capped at whatever is lower.**

- **24-week** compensation capped at \$20,833 (2.5-month equivalent of \$100k per year), per individual **-OR-**
- **2.5-month equivalent** of their applicable compensation in **2019**
  - ✓ Owner-employees
  - ✓ Self-employed individual
  - ✓ General partners



# Allowable Employee and Owner Benefits

	Employee	Self-Employed Individual	General Partners	Owner-Employees of an S-Corporation
Employer Contributions for <b>Health Insurance</b>	✓	✗ Do not add because such payments are already included in their compensation.		
Employer Contributions to <b>Retirement Plans</b>	✓	✗ Do not add because such payments are already included in their compensation.		✓ Capped at 2.5 months' worth of the 2019 contribution amount.
Employer-paid state and local taxes on employee compensation (excluding taxes withheld from employee earnings).	✓	✓	✓	✓

# Selecting Your Covered Period for 8 or 24-Weeks of Loan Forgiveness (two options)



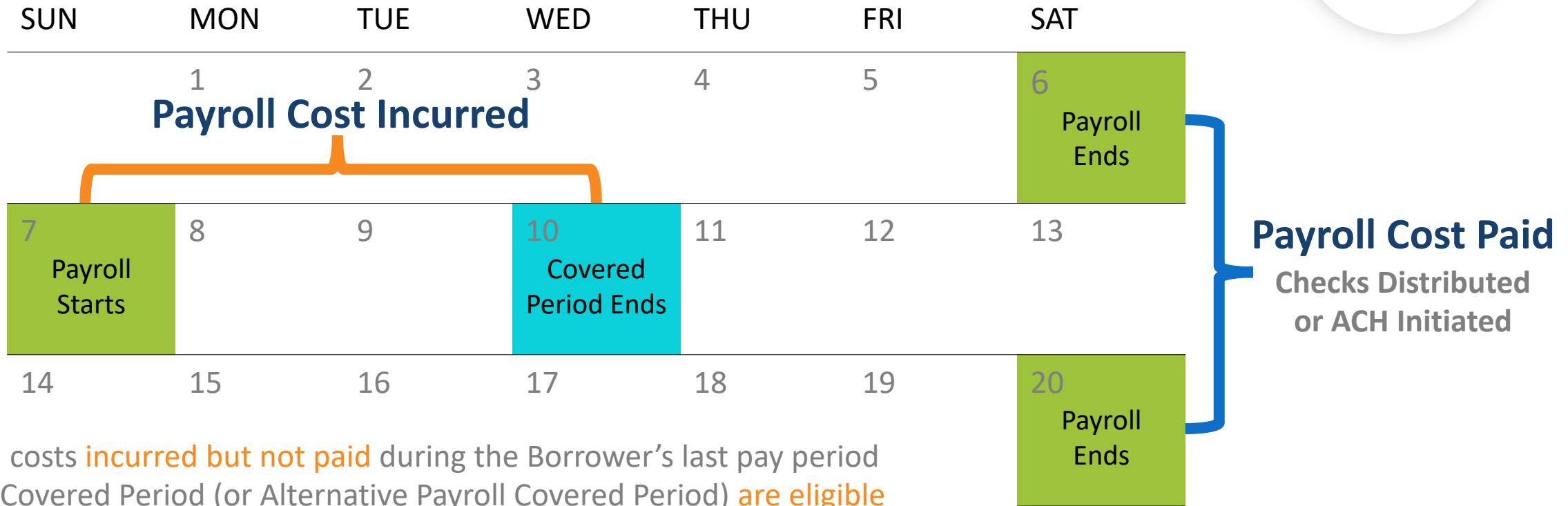
## Covered Period

- The **8-week or 24-week** covered period begins the day the loan proceeds were received

## Alternative Payroll Covered Period

- Begins on the first day of their **first pay period following** PPP Loan Disbursement date
- May be beneficial if employees are paid bi-weekly—resulting in an additional week of pay calculated into the payroll costs

# Payroll Costs Can Be Determined by Using Either Cost **Incurring** or Paid



Payroll costs **incurred but not paid** during the Borrower's last pay period of the Covered Period (or Alternative Payroll Covered Period) **are eligible** for forgiveness if paid on or before the next regular payroll date.

# Non-Payroll Costs Can Also Be Accounted for Using Either Costs Incurred or Paid

- Must be paid during the Covered Period or incurred during the Covered Period and paid on or before the next regular billing date, even if the billing date is after the Covered Period
- Eligible nonpayroll costs cannot exceed 40% of the total forgiveness amount



- ✓ Mortgage interest
- ✓ Rent or lease
- ✓ Utilities (electricity, gas, water, telephone, internet access or transportation\*)

*\*The SBA has yet to release guidance on which expenses are included under the category of "transportation."*

# Welcome to the COVID-19 Business Resource Center

FuelMedical.com  
(360) 818-7700

We're here to help!

To prepare your  
Loan Forgiveness Application,  
ask your Regional Manager for  
Fuel's PPP Loan Forgiveness  
Calculator.

<b>FUEL MEDICAL</b>		<b>Paycheck Protection Program Loan Forgiveness Calculator</b>							
Name of Practice: _____ RM: _____		Loan Amount Received	\$50,000.00						
		Covered Period Start Date (see comment in cell)	04/13/20						
		End Date for Eligible Expenses	06/14/20						
		Payroll Cash Target for Loan Forgiveness (75%)	\$37,500.00						
		FM 5-24-20							
<b>Forgivable Expense Schedule</b>									
Week #	Week 1	Week 2	Week 3	Week 4	Week 5	Week 6	Week 7	Week 8	TOTAL ELIGIBLE
Week Ending	04/26/20	05/03/20	05/10/20	05/17/20	05/24/20	05/31/20	06/07/20	06/14/20	
<b>ELIGIBLE EXPENSES</b>									
Payroll from Payroll Schedule Tab	\$0.00	\$14,711.29	\$0.00	\$15,288.21	\$0.00	\$15,865.14	\$0.00	\$16,442.06	\$50,384.50
Health Insurance									\$0.00
Employer Retirement Contribution as outlined in plan document									\$0.00
Rent under lease agreements in force before 2/15/20									\$0.00
Interest on mortgage obligations, incurred before 2/15/20									\$0.00
Utilities for which service began before 2/15/20									\$0.00
<b>Totals:</b>	\$0.00	\$14,711.29	\$0.00	\$15,288.21	\$0.00	\$15,865.14	\$0.00	\$16,442.06	\$50,384.50
Maximum Weekly Spend Target	\$6,250.00	\$6,250.00	\$6,250.00	\$6,250.00	\$6,250.00	\$6,250.00	\$6,250.00	\$6,250.00	\$50,000.00
Running Total: Spend % of Max Available	0%	235%	0%	245%	0%	254%	0%	263%	101%
Cumulative % Spent on Payroll (Minimum 75%)	0%	100%	100%	100%	100%	100%	100%	100%	100%
								<b>Loan Balance</b>	<b>(\$184.50)</b>

*Updated for both 8 and 24-weeks.*



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