

PPP Loan Forgiveness

Where are we now?



June 15, 2020

Disclaimer

This presentation is based on relevant government guidance available as of June 11, 2020. There are many areas of the CARES Act, related guidance and the SBA's Loan Forgiveness Application that are unclear and additional clarification from the government is needed. In addition, there may be legislation in future weeks that modifies the program rules. This presentation includes our best interpretation of the guidance.

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PPP Flexibility Act

- New loans 24 weeks; existing choose 8 or 24
- 75% threshold for payroll costs reduced to 60%
- New Safe Harbor for FTEs
- Maturity on new loans is 5 years; existing still 2
- Defer payment of EMPLOYER portion of FICA (6.2%)



PPP Flexibility Act

- In his testimony to the Senate Small Business Committee on June 10, Secretary Mnuchin said that borrowers would be able to apply for forgiveness as soon as the money is spent. They will not have to wait until the 24 weeks is over.
- He also indicated that the new Safe Harbor for FTEs will reduce paperwork and increase forgiveness

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Dates: Covered period

- Determine your “Covered Period”
- 8-weeks: 56 days, starting with receipt of PPP loan proceeds
- “Alternative Payroll Covered Period”, begins on the 1st day of the 1st pay period following the PPP loan disbursement date (also 56 days)
- 24 weeks: 168 days, starting with receipt of PPP loan proceeds. Note: covered period can’t go beyond 12/31/20

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FTEs

- There is an FTE Reduction Safe Harbor in the original Application (page 9)
- The PPP Flexibility Act has a new Safe Harbor for the 24 week period
- Hiring component and a business reduction component – waiting for the revised Application to see how this will be implemented by the SBA

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Summary of the Forgiveness Reductions

- After the forgiveness amount is determined as noted on previous slides, it will be reduced by the amount of the EIDL Grant that you may have received. (See Application instructions for Line 11, which is on page 2.)
- The EIDL Grant program was \$1,000 per employee, up to a maximum of \$10,000
- You will need to enter your EIDL Advance amount (the grant) and your EIDL Application Number on the Loan Forgiveness Application

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CariAnn J. Todd, CPA

Senior Manager
Director of Employee Benefit Plan Audit Group

ctodd@beachfleischman.com

1985 E. River Road, Suite 201
Tucson, AZ 85718
(520) 321-4600

2201 E. Camelback Road, Suite 200
Phoenix, AZ 85016
(602) 265-7011



Kristen French, CPA

Managing Partner

kristen@upworth.com

2141 E. Highland Avenue, Suite A-100
Phoenix, AZ 85016
(602) 773-7650

