





**Congress Passed PPP Reform.
Now What?**

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Agenda

- Catch up
- Paycheck Protection Program Flexibility Act
- Loan Forgiveness

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Catch Up-History of Coronavirus Legislation

- 3/6 [Coronavirus Preparedness and Response Supplemental Appropriations Act](#)- \$8 billion to combat the coronavirus
- 3/18 [Families First Coronavirus Response Act](#) (FFCRA)-\$192 billion
- 3/27 [CARES Act](#)- \$2 trillion
 - Paycheck Protection Program, Economic Injury Disaster Loan program, EIDL grants
- Requested amendments
 - 4/24 [PPP Enhancement Act](#)- \$484 billion, including \$321 billion for PPP
 - 6/5 [Paycheck Protection Program Flexibility Act](#) (PPPFA)

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Catch Up-PPPFA

- Congressional response: H.R. 7010 [Paycheck Protection Program Flexibility Act](#)
- Makes loan forgiveness more accessible
- Also creates more questions

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PPPFA-Important Changes

- Extends the covered period, which is the time frame for using the loan funds
- Relaxes the rule that said 75% of loan funds must be spent of payroll
- Extends the FTE safe harbor deadline for restoring payrolls
- Extends the FTE safe harbor for restoring employee roster numbers



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PPPFA-Important Changes

- Extends the maturity period for loans made after June 5
- Extends the repayment deferral period
- Expands eligibility for the CARES Act's social security tax deferral provision



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Loan Forgiveness

- [Form 3508-Loan forgiveness application](#)
 - [Instructions for the loan forgiveness application](#)
- [Form 3508EZ](#)
 - [Instruction for Form 3508EZ](#)







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Loan Forgiveness

- Reference materials needed
 - Calendar
 - Loan documents
 - Business records
 - Calculator

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Loan Forgiveness

- Process
 - Borrowers must submit the completed Loan Forgiveness Application
 - Lenders will be responsible for reviewing the applications and determining loan forgiveness
 - Lenders have 60 days to process the applications and notify SBA of their decisions
 - Lenders are also responsible for notifying borrowers of their decisions regarding forgiveness amounts

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Loan Forgiveness

- Three methods for forgiveness
 - 100 percent of the PPP loan amount.
 - The result of subtracting any compensation or workforce reductions above 40 percent during the covered period from the loan amount.
 - Any payroll costs that are less than 60 percent of the loan amount.

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Loan Forgiveness

- Determine your covered period
 - Covered period-begins on the loan disbursement date
 - Alternate covered period-borrowers may elect to chose this if they have a biweekly (or more frequent) pay schedule

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Loan Forgiveness

- A quick note about covered periods
 - Borrowers can elect to accept the 8-week covered period from the date of the loan.
 - Borrowers may want to elect as much to get the loan forgiven and off the books in case future SBA lending is necessary.

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Loan Forgiveness

- Calculate all your expenses during your covered period
 - What are the qualified expenses?
 Payroll costs consist of:
 - compensation to employees in the form of salary, wages, commissions, or similar compensation;
 - payment for vacation, parental, family, medical, or sick leave;
 - allowance for separation or dismissal;
 - payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement;
 - payment of state and local taxes assessed on compensation of employees;
 - for an independent contractor or sole proprietor, wage, commissions, income, or net earnings from self-employment or similar compensation.





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Loan Forgiveness

- Calculate all your expenses during your covered period
 - What are the qualified expenses?
 - Nonpayroll costs consist of:
 - Mortgage obligations
 - Rent obligations
 - Utility payments

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Loan Forgiveness

- Determine the impact of salary or wage reductions on the loan forgiveness amount, if any
 - Did you reduce salaries or wages during the covered period?

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Loan Forgiveness

- Determine the impact of FTE reductions on the loan forgiveness amount, if any
 - Required FTE calculation:
 - For each employee, for the appropriate period (covered period or alternate covered period):
 - Take the average number of hours paid per week, divide by 40, and round the total to the nearest tenth. The maximum for each employee is capped at 1.0.
 - Or, assign a 1.0 for each employee who works 40 hours or more per week and 0.5 for each employee who works fewer hours.

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Loan Forgiveness-Safe Harbor Notice

- Important exceptions to reduction in loan forgiveness amount
 - Did you restore FTE levels by the deadline?
 - Were you unable to return to the same level of business compared to February 15, 2020?
 - Were you unable to rehire employees before the end of the covered period?
 - Were you unable to hire similarly qualified employees before the end of the covered period?



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Loan Forgiveness

- Consider the 60% rule for expenses
 - This determination incorporates any impact caused by FTE reductions
 - Divide your payroll expenses by .60



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Loan Forgiveness

Paycheck Protection Program
 Loan Forgiveness Application Revised June 16, 2020
 OMB Control Number 3245-0087
 Expiration Date: 10/31/2020

PPP Schedule A Worksheet

Table 1: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of less than or equal to \$100,000 for all pay periods in 2019 or were not employed by the Borrower at any point in 2019.

Employer's Name	Employee Identifier	Cash Compensation	Average FTE	Salary / Hourly Wage Reduction
FTE Reduction Exceptions:				
Totals:		Box 1	Box 2	Box 3



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Loan Forgiveness

Table 2: List employees who:

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of more than \$100,000 for any pay period in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE
Totals:		Box 4	Box 5

Attach additional tables if additional rows are needed.

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Loan Forgiveness

Paycheck Protection Program
Loan Forgiveness Application Revised June 16, 2020

OMB Control Number 3245-0007
Expiration Date: 10/31/2020

PPP Schedule A

PPP Schedule A Worksheet, Table 1 Totals

Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1: _____

Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1: _____

Line 3. Enter Salary Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1: _____

If the average annual salary or hourly wage for each employee listed on the PPP Schedule A Worksheet, Table 1 during the Covered Period or the Alternative Payroll Covered Period was at least 75% of such employee's average annual salary or hourly wage between January 1, 2020 and March 31, 2020, check here and enter # on line 3.

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Loan Forgiveness

PPP Schedule A Worksheet, Table 2 Totals

Line 4. Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2: _____

Line 5. Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2: _____

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Loan Forgiveness

Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period

Line 6. Total amount paid or incurred by Borrower for employer contributions for employee health insurance: _____

Line 7. Total amount paid or incurred by Borrower for employer contributions to employee retirement plans: _____

Line 8. Total amount paid or incurred by Borrower for employer state and local taxes assessed on employee compensation: _____



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Loan Forgiveness

Compensation to Owners

Line 9. Total amount paid to owner-employees/self-employed individual general partners. This amount may not be included in PPP Schedule A Worksheet, Table 1 or 2. If there is more than one individual included, attach a separate table that lists the names of and payments to each.



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Loan Forgiveness

Total Payroll Costs
Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9): _____

Full-Time Equivalency (FTE) Reduction Calculation
If you satisfy any of the following three criteria, check the appropriate box, skip lines 11 and 12, and enter 0.0 on line 13; otherwise, complete lines 11, 12, and 13:

No reduction in employees or average paid hours: If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check here

FTE Reduction Safe Harbor 1: If you were unable to operate between February 15, 2020, and the end of the Covered Period at the same level of business activity as before February 15, 2020 due to compliance with requirements established or guidance issued between March 1, 2020 and December 31, 2020, by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration related to the maintenance of readiness for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19, check here

FTE Reduction Safe Harbor 2: If you satisfy FTE Reduction Safe Harbor 2 (see PPP Schedule A Worksheet), check here

Line 11. Average FTE during the Borrower's chosen reference period: _____

Line 12. Total Average FTE (add lines 2 and 5): _____

Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if any of the above criteria are met: _____

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Loan Forgiveness

Total Payroll Costs
 Line 10: Payroll Costs (add lines 1, 4, 6, 7, 8, and 9): _____

Full-Time Equivalency (FTE) Reduction Calculation
 If you satisfy any of the following three criteria, check the appropriate box, skip lines 11 and 12, and enter 1.0 on line 13; otherwise, complete lines 11, 12, and 13:

No reduction in employees or average paid hours: If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check here .

FTE Reduction Safe Harbor 1: If you were unable to operate between February 15, 2020, and the end of the Covered Period at the same level of business activity as before February 15, 2020 due to compliance with requirements established in guidance issued between March 1, 2020 and December 31, 2020, by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration related to the maintenance of standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19, check here .

FTE Reduction Safe Harbor 2: If you satisfy FTE Reduction Safe Harbor 2 (see PPP Schedule A Worksheet), check here .

Line 11: Average FTE during the Borrower's chosen reference period: _____

Line 12: Total Average FTE (add lines 2 and 5): _____

Line 13: FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if any of the above criteria are met: _____

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Loan Forgiveness

**Paycheck Protection Program
 Loan Forgiveness Application Revised June 16, 2020** DWSB Control Number: 3145-0487
 Forgiveness Date: 03/31/2020

PPP Loan Forgiveness Calculation Form

Borrower Legal Name (Borrower's)		SBA or Lender (if applicable)	
Borrower Address	Business (SIC, NAICS)	Business Phone	
Principal Contact	E-mail Address		

SBA PPP Loan Number: _____ Lender PPP Loan Number: _____

PPP Loan Amount: _____ PPP Loan Disbursement Date: _____

Employees at Time of Loan Application: _____ Employees at Time of Forgiveness Application: _____

EDU: Advance Amount: _____ EIDL: Application Number: _____

Payroll Schedule: The frequency with which payroll is paid to employees is:
 Weekly Biweekly (every other week) Twice a month Monthly Other _____

Covered Period: _____ to _____

Alternative Payroll Covered Period, if applicable: _____ to _____

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:

Forgiveness Amount Calculation:

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Loan Forgiveness

Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions

Line 5: Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 3): _____

Line 6: Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5: _____

Line 7: FTE Reduction Quotient (enter the number from PPP Schedule A, line 13): _____

Estimated Forgiveness Amounts

Line 8: Modified Total (multiply line 6 by line 7): _____

Line 9: PPP Loan Amount: _____

Line 10: Payroll Cost 60% Requirement (divide line 3 by 0.60): _____

Forgiveness Amount

Line 11: Forgiveness Amount (enter the smallest of lines 8, 9, and 10): _____

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Loan Forgiveness

The Borrower is a self-employed individual, independent contractor, or sole proprietor who had no employees at the time of the PPP loan application and did not include any employee salaries in the computation of average monthly payroll in the Borrower Application Form (SBA Form 2483).

The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period (as defined below) compared to the period between January 1, 2020 and March 31, 2020 (for purposes of this statement, "employees" means only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000);

AND





The Borrower did not reduce the number of employees or the average paid hours of employees between January 1, 2020 and the end of the Covered Period, (ignores reductions that arose from an inability to refuse individuals who were employees on February 15, 2020 if the Borrower was unable to hire similarly-qualified employees for verified positions on or before December 31, 2020. Also ignores reductions in an employee's hours that the Borrower offered to reinstate and the employee refused. See [52 FR 31004, 33087](#) (June 1, 2020) for more details.

The Borrower did not reduce annual salary or hourly wages of any employee by more than 25 percent during the Covered Period or the Alternative Payroll Covered Period (as defined below) compared to the period between January 1, 2020 and March 31, 2020 (for purposes of this statement, "employees" means only those employees that did not receive, during any single period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000);

AND

The Borrower was unable to operate during the Covered Period at the same level of business activity as before February 15, 2020, due to compliance with requirements established or guidance issued between March 1, 2020 and December 31, 2020 by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration, related to the maintenance of standards of sanitation, social distancing, or any other work or customer safety requirements related to COVID-19.

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Loan Forgiveness

Payroll and Nonpayroll Costs	
Line 1. Payroll Costs:	
Line 2. Business Mortgage Interest Payments:	
Line 3. Business Rent or Lease Payments:	
Line 4. Business Utility Payments:	
Employment Amounts	
Line 5. Add the amounts on lines 1, 2, 3, and 4	
Line 6. PPP Loan Amount:	
Line 7. Payroll Cost 90% Requirement (divide Line 1 by 0.90):	
Forgiveness Amount	
Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7)	

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Loan Forgiveness

Payroll: Documentation verifying the eligible cash compensation and non-cash benefit payments from the Covered Period or the Alternative Payroll Covered Period consisting of each of the following:

- a. Bank account statements or third-party payroll service provider reports documenting the amount of cash compensation paid to employees.
- b. 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:
 - i. Payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941); and
 - ii. State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state.
- c. 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)).

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Loan Forgiveness

FTE: Documentation showing (at the election of the Borrower):

- a. the average number of FTE employees on payroll per month employed by the Borrower between February 15, 2019 and June 30, 2019;
- b. the average number of FTE employees on payroll per month employed by the Borrower between January 1, 2020 and February 29, 2020; or
- c. in the case of a seasonal employer, the average number of FTE employees on payroll per month employed by the Borrower 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 reported, or that will be reported, to the IRS (typically, Form 941) and state quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state. Documents submitted may cover periods longer than the specific time period.



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Loan Forgiveness

Nonpayroll: Documentation verifying existence of the obligations/services prior to February 15, 2020 and eligible payments from the Covered Period.

- a. Business mortgage interest payments: Copy of lender amortization schedule and receipts or cancelled checks verifying eligible payments from the Covered Period; 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.
- b. Business rent or lease payments: Copy of current lease agreement and receipts or cancelled checks verifying eligible payments from the Covered Period; 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.
- c. Business utility payments: Copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.



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Loan Forgiveness

- After submitting the application
 - Not all loans will be fully forgiven. What happens then?
 - Recordkeeping requirements



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Speaker's Contact Info

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Additional Resources

Additional Resources	Internal Links
PPAI Job	http://www.ppai.org/ppai/inside-ppai/career/
PPAI Product Responsibility and Safety Year Resources	http://www.ppai.org/ppai/inside-ppai/corporate-responsibility/
PPAI Product Responsibility Newsletter	http://www.ppai.org/ppai/inside-ppai/corporate-responsibility/newsletter/
PPAI Product Responsibility Support Kit	http://www.ppai.org/ppai/inside-ppai/corporate-responsibility/support-kit/
PPAI Regulatory Information	http://www.ppai.org/ppai/inside-ppai/corporate-responsibility/regulatory/
Send Requests to Primary Secretary and US Administration Reading Committee of the Promotional Products Program	ppai@ppai.org
PPAI Regulatory Section	http://www.ppai.org/ppai/inside-ppai/corporate-responsibility/regulatory_regional_us_2.pdf
PPAI Regulatory FAQ Sheet	http://www.ppai.org/ppai/inside-ppai/corporate-responsibility/regulatory_regional_us_1.pdf
PPAI Regulatory Policy Book	http://www.ppai.org/ppai/inside-ppai/corporate-responsibility/regulatory_regional_us_3.pdf
PPAI Regulatory Policy Book	http://www.ppai.org/ppai/inside-ppai/corporate-responsibility/regulatory_regional_us_4.pdf
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Resources

- PPAI: www.ppai.org
- PPAI Product Responsibility: <http://www.ppai.org/inside-ppai/corporate-responsibility/product-responsibility/>
- Consumer Product Safety Commission: www.cpsc.gov , www.recalls.gov
- QIMA: www.qima.com
- Questions? MauriceN@ppai.org

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