

**PYA Webinar: "So You Have A PPP Loan. Now What?" | 06-03-20 Mark Brumbelow & Debbie Ernsberger**

Question Asked	Answer Given
"We have added one employee to our office since we received the payment. Can her pay be included in the numbers toward forgiveness?"	Hi Jeanette. I believe this question was just addressed. All payroll incurred and paid during the covered period (or APCP) are included in the forgiveness calculation. The lender will not match up employees paid during the covered period to those that were employed prior to the application being received.
"If a borrower has a change in ownership during the borrowing period, how would that affect forgiveness or the application?"	The certifications you made were based upon your facts and circumstances at the time of the application, so the change of ownership should not have a direct impact. You will have to be particularly careful when it comes to documentation of eligible expenses if the new owner has their own accounting for such things.
"If I need help filing application where can I obtain assistance? What is the fee for services?"	Hi, Marcia. Thank you for your question. We understand this is a complicated endeavor and would be happy to assist you in any way we can. Please reach out to Stephanie Morton at (865) 684-2817 or SMorton@pyapc.com. She will direct you to the right person to schedule a consultation.
"The problem for us is that the payroll was figured for 2.5 months and now my understanding is that we can only use payroll for 8 weeks instead of 2.5 months. Is that correct?"	As of right now, the covered period for purposes of allowable use of funds is an 8 week or 56 day period. This period may change based on the PPP Flexibility Act of 2020 which was passed by the Senate on 6/3 and pending the President's signature.
"Are there restrictions we have to follow on using any of the loan amount for Paid Vacation time?"	<b>No guidance has been released to any specific restrictions and payment for vacation is considered a qualified payroll cost.</b>
"We got our loan on May 12; 56 days takes us into July. Do we use through July or have to end the time through June 30?"	<b>The eight week coverage period will get you all the way until July. Stay tuned as congress is considering making that coverage period 16 weeks or even 24 weeks - which would be great news for loan recipients. This period may change based on the PPP Flexibility Act of 2020 which was passed by the Senate on 6/3 and pending the President's signature.</b>
"Can you tell us what is included in utilities? Internet, cable?"	Thank you for your question. Utilities would include items such as water, electricity, gas, telephone, internet, electricity, etc.
"Group health premiums is just the employer portion - correct? Not the portion employees pay."	That is correct.
"Do you think we will be able to keep the full amount not forgiven as a 1% loan to pay off a higher interest loan we have?"	A couple of things to consider here - the amount of the loan that is not forgiven turns into the standard loan with the terms you mentioned. However, you are still required to use the PPP loan proceeds for allowable expenses - so be careful of principal prepayments.
"Since more guidance keeps coming out, how long should we hold off before actually submitting the forgiveness application?"	Timing of the forgiveness application should be based upon when you have the documentation compiled and data assembled. With the passage of the PPP Flexibility Act of 2020 pending the President's signature as of 6/3, more guidance should be forthcoming, including the extension of the covered period.
"So that means you could do 5 payrolls with bi-weekly?"	Any amounts paid or incurred should be included - but be mindful of the proration that may be required for the last payment.
"What is the deadline to return the forgiveness application and documents? and do you submit to your bank and somewhere else?"	This timeline is pending the President's signature of the PPP Flexibility Act of 2020 which will extend the covered period. However, you will submit the forgiveness application to your original lender.
"To what extent must existing financial resources be consumed before forgiveness is permitted. Include endowments and savings?"	The certification essentially required that you consider the need for PPP funds given the uncertainty of the economy at the time of the application, but allowed you to consider the fact that depleting savings or endowment funds would be detrimental to the business. So you do not need to consume those resources if doing so is detrimental to your business.
"Who or what organization makes the initial determination as to whether or not your loan is forgiven --the original bank, or the government itself?"	The lender should make the forgiveness determination based on the guidance promulgated by the SBA / Treasury. The application is made with, and documentation is provided to, the lender.
"If we were given a small grant to pay for a given person to do a given job, and the person was NOT on our payroll when we calculated the requested amount (loan amount), can that person's pay be included in the payroll calculation for forgiveness?"	This may warrant further discussion but it does sound as though you received a specific grant to fund the salary, outside of the PPP. You could consider the individual as part of the PPP if they were an employee and the PPP funds were utilized for the payroll. That may raise questions as to the actual use of the grant funds.
"We were in the process of hiring an employee through a recruiter when COVID hit. Can I include the recruiter's fees as part of my payroll cost?"	I do not believe that to be a payroll cost, but rather a professional service fee.

<p><b>"We were told we could squeeze in an extra payroll as long as it was done during the 8 week window for forgiveness. Is this okay to do?"</b></p>	<p>We are going to talk a little about the alternative coverage period later in the broadcast - and there we will talk about the idea of Paid OR Incurred. We will then touch on this idea at the conclusion during the question and answer session. You may elect an Alternative Payroll Covered Period that should be able to cover your normal payroll schedule.</p>
<p><b>"If loan disbursement date is 4/20, using the ACP the first day of following pay period would be 4/25. Paycheck date 4/30 then falls in that period, but all of the hours for that check were incurred outside the ACP. Would we include 4/30 payroll costs in the application or no?"</b></p>	<p>I believe in the "Paid or Incurred" world, they can be included.</p>
<p><b>"Can additional wage (similar to a bonus) be given to staff for working in healthcare during this pandemic and be allowable as a payroll expense?"</b></p>	<p>Yes, guidance has been released that the PPP funds may be used for bonuses and hazard pay. We would simply make sure documentation is on file to support the nature.</p>
<p><b>"What time frame did you say the pay period in the PPP time frame is compared to validate the 75% hours and pay rate?"</b></p>	<p>The 75% is the percentage of total costs funded by the loan proceeds that must go to payroll costs. Some of the other lookback aspects of the rules (when establishing your baseline FTE count) allow the borrower to select the most favorable base period from a couple of choices. Pending the President's signature of the PPP Flexibility Act of 2020, the payroll percentage use may decrease to 60%.</p>
<p><b>"If we have many PTE now as opposed to FTE, in comparison to what we had before, would that matter as long as we show its all paid through 3rd payroll party or cancelled cheque?"</b></p>	<p>The dollar amount limitations would not distinguish between PTE and FTE payroll dollars. However, the limitation based on FTE count might offer some unfortunate results.</p>
<p><b>"I am a sole proprietor/independent contractor and the only employee. Can I use my entire PPP money (100%, obviously over 75%) for my payroll (to pay me, since my clients disappeared in April and I received reduced income? I received my PPP funds April 15 into my bank account."</b></p>	<p>So, the proceeds you received were theoretically based upon your net income number - not really your wage number...so, in that circumstance, your income proration (capped for the 100,000 annual limit) should be eligible for forgiveness.</p>
<p><b>"What can you say, if anything, about pending legislation that could change the "measurement" or "forgiveness" period from 8 weeks to as long as 24 weeks?"</b></p>	<p>We will talk a little about that later in the discussion - but ultimately, it sounds like congress is considering either a 16 week or 24 week coverage period - which will really help most loan recipients.</p>
<p><b>No prepayment is allowed for mortgages. What about prepayment of rent? or prepayment of retirement plan contribution?</b></p>	<p>As for the rent, I believe that prepayment would not be allowed - payments should be based upon the terms of the lease document that you provide with the forgiveness application. As far as the retirement plan contributions are concerned, we are hoping for additional guidance in that space, and will talk about where that particular issue stands at the end of the presentation.</p>
<p><b>I am the owner of a c corporation. My employees are not coming to work. I am having to pay myself as an amplifier since I go into work. Is that considered ok and under forgiveness?</b></p> <p><b>Thank you. I have sent them notice of re hiring and they have not accepted. And still not showing up.</b></p>	<p>(answered during the live webinar but included here for context for the follow-up question below)</p> <p>Did you communicate a deadline for acceptance or rejection? Without it, not sure what our options are - since you have not officially gotten a rejection of the offer.</p>



Disclaimer: To the best of our knowledge, these answers were correct at the time of publication. Given the fluid situation, and with rapidly changing new guidance issued daily, be aware that these answers may no longer apply. Please visit our COVID-19 hub frequently for the latest information, as we are working diligently to put forth the most relevant helpful guidance as it becomes available.

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