

Q. Is June 30 the deadline that any monies to be forgiven must be used or can expenditures after that date still qualify?

June 30, 2020 is the last date to apply and receive a loan. Conceivably the spending/monies could be spent after that and still forgiven. SBA is warning the program will run out of money before June 30 – sounds like Congress may act sooner to provide more money.

Q. Since 75% of the loan must be used for payroll, does that payroll only apply to having the same staff level as before the shutdown? We averaged 15 full- and part-time employees last year and 13 full-time during the first quarter this year. Is there a specific number we need to have on our payroll that makes up 75% of the loan amount?

Their payroll can be compared to EITHER Feb 15, 2019 – June 30, 2019 OR Jan 1, 2020 – Feb 29, 2020. Whatever gets them closer to their staffing level for 100% forgiveness.

Q. We applied for the EIDL \$10,000 grant. Can we get both the EIDL and the PPP?

If you use the EIDL for payroll costs, it must be converted to a PPP. If you received an EIDL between Jan 31, 2020 and Apr 3, 2020, you can still apply for PPP AS LONG AS you did not use the money for payroll.

Q. Health insurance was included in the payroll costs to determine the loan amount and yet an Excel spreadsheet from the SBA for determining forgiveness stated, "It is unclear if health care benefits will be forgiven." Is there clarification on that?

Healthcare benefits are included in the payroll cost calculation which are then forgiven (assuming staffing and wage levels remain the same).

Q. The "forgiveness" spreadsheet also stated, "Number of full-time employees" and next to it, "Employees with a pay cut larger than 25% do not count as retained after 2/15/2020." Does that mean we must maintain the same number of employees as before 2/15/2020 and not reduce their pay by more than 25%? What time period does their qualifying pay have to be in, 6/16-30/2020?

Yes, wages reduced by more than 25% are subtracted from the loan forgiveness. ANY employee reductions and/or wage reductions which occur between Feb 15, 2020 and April 26, 2020, will NOT impact loan forgiveness AS LONG AS those employee and wage reductions are ELIMINATED by June 30, 2020 (exemption for re-hires).

Q. After the date of loan origination, you have eight weeks to spend 75% of it on payroll, health care benefits and state employer taxes? That 75%, on a weekly payroll basis, must equal the average weekly pay in the 19-week period 2/15-6/30/2019 or the average weekly pay from 1/1-2/29/2020?

No; your monthly payroll costs are calculated using the average from the previous one year of payroll costs before the loan.

The time periods mentioned relate to the FTE comparison for loan forgiveness.

Q. I am a sales representative filing as an S-Corp with just myself as an employee. While the pandemic has drastically hurt my business, there is a small amount of revenue still coming in. If I file for EIDL and PPP, can I claim loan forgiveness for returning my salary back to pre-shutdown numbers? The only payroll I have is myself and I won't be decreasing my employees during this, as I am the only employee. Also, looking at the application form, I am a bit confused on the Certifications, especially the 3rd and 4th on the form.

Payroll costs are determined by looking back at the average monthly payroll for the one-year period preceding the PPP loan so that would naturally bring compensation back to 'pre-shutdown' levels. Assuming the PPP funds were then used in the eligible areas; payroll, rent, mortgage interest, and/or utilities, that loan would then be forgiven.

Q. Most independent sales reps are not aware of the options available to them as business owners, either through the Paycheck Protection Program or the federally subsidized state unemployment benefits. Are they able to qualify for forgivable loans to cover their typical April/May commission receipts and business expenses, or is the basis for commission reimbursement a different set of months?

Yes; independent contractors are eligible for the PPP and would calculate their average monthly payroll up to \$100,000

Q. I work as an independent rep/contractor for one outdoor company and five other vendors. I tried applying for the PPP, but I am having difficulty. I filled out the form but have been told it has to be done online only. All my banking is with Wells Fargo and when I called them, they stated they have no more money and they were not even aware of the April 10 date for people like me to apply. I called other banks and looked at web sites, and they are either closed or they don't have information to apply online. Citibank and Chase have nothing online. Can you advise next steps for me because I followed SBA direction (spoke with them) and searched the banks in my area (Las Vegas).

Wells Fargo had been under a capital order from the Federal Reserve based on the fraudulent account scandal a few years ago. The Fed relaxed some of those restrictions today (April 8th) which should allow them to participate more in the PPP. Citi and Chase have also experienced problems with the PPP system but should be up and running this week. I would also suggest community banks in your area because Congress is looking to provide dedicated funding for the smaller lenders.

Q. What about EIDL?

The CARES Act did provide new options and funding (\$10 billion) within the existing SBA Economic Injury Disaster Loan (EIDL) Program. It now includes an advance of up to \$10,000 (paid within 3 days) which does not need to be paid back (even if the application is ultimately denied). This program is for any small business with less than 500 employees (including sole proprietorships, independent contractors and self-employed persons). Eligible costs include fixed debts, payroll, and other bills that would have been paid if not for the disaster. The loan has a cap of \$2 million with an interest rate of 3.75% and variable repayment terms (up to 30 years).

Q. For my lower-paid hourly staff, would I be better off encouraging them to file for unemployment as they will make more with the extra \$600 than they normally would with me?

This is certainly an option. All depends on various factors, but the increased UI benefit could allow those lower paid employees to maintain a stable living while you wait for greater certainty when deciding to bring them back on staff.

Q. If we furlough/reduce our employee hours, encourage them to file for unemployment and bring them back before June 30, can we keep the loan money and still have our employees earn unemployment?

Yes; if those employee/wage reductions which occur between Feb 15, 2020 and April 26, 2020 are eliminated by June 30, 2020, your loan forgiveness will not be impacted. We are still waiting for additional SBA guidance on the loan forgiveness aspect to make sure all the timelines and calculations align.

Q. I'm running payroll tomorrow. Our store is closed due a shelter in place order. Should I be using FFCRA paid sick leave for my employees?

There was additional guidance from the Department of Labor on this and the answer, as I understand the question, is no. Given that your store is closed, and work is unavailable, your employees reporting to work is not impacted by the shelter-in-place but because your store is closed.

Q. If we have already let go of employees, what is the latest we can bring them back? Do we back-pay them for the time they were not working, or can the money be used for future payroll?

Assuming this applies to the PPP loan forgiveness, you have let employees go between the specified window of February 15, 2020 and April 26, 2020. As far as we know right now (more guidance coming from SBA), back pay is not required but they would likely need to be brought back at a similar wage as when they were laid off. Loan forgiveness can be reduced based on any wage reductions over 25%.