MIND YOUR PS
ANSWER YOUR QS
THE PAYCHECK PROTECTION
PROGRAM TAKEAWAYS

MONTHLY PAYROLL COST

- Employee Compensation (up to $100k per individual)
- State Unemployment Tax Assessment (SUTA)
- Employee Benefits including health and retirement

THE APPLICATION PROCESS
1. Select your lender
2. Complete PDF application
   A. Have FEIN info available
   B. Calculate monthly payroll
   C. Know how many employees
   D. Answer eight Y/N questions
3. Submit to lender. Be prepared to provide reporting

CREATE A PPP TRACKER

- Keep your PPP funds separate
- Track everything
- Don’t have an accountant? Get one.

TOTAL SOLUTIONS CAN HELP

QUESTIONS?
563.200.9000

CONTACT US
SAVETIME@TOTALSOLUTIONSUS.COM

WWW.TOTALSOLUTIONSUS.COM
Q: Can all payroll taxes that are company paid be used in the 75%?
A: State payroll taxes may be paid using PPP Funds, but FICA & Medicare employer portions should not be included and will not be forgiven.

Q: We provide overtime to employees. Does overtime count towards the FTE?
A: Yes, those hours worked would be considered when figuring your FTE count.

Q: Should we be tracking expenses during our 8-week period on a cash basis or accrual basis?
A: SBA has not set guidelines regarding this yet, so we will keep everyone informed as we learn more.

Q: Do we need to take into consideration temp employees?
A: No, you would not include temporary employees. We are keeping up with the guidance on this question (which is less clear at the moment), and will keep everyone updated as we learn more.

Q: What about part time employees? Do they count?
A: Yes, for both the application and forgiveness. The calculations will differ in the application vs. forgiveness process.

Q: So, part of the PPP Program says Payroll plus 25%? Is that in addition to payroll taxes and 401K contribution?
A: The average monthly payroll cost multiplied by 2.5 is the amount of your loan. Remember, payroll costs include wages, tips, and commissions up to $100,000 per individual, state unemployment tax assessment (SUTA), health benefits paid to employees, retirement benefits. You will calculate the average monthly payroll amount by taking the average monthly payroll costs over the last 12 months or the 2019 calendar year.

Q: Any insights on how calculate payroll for self-employed firm with no employees other than yourself?
A: Please talk to your tax accountant on this specific situation. There is also guidance here to complete this calculation.

Q: Once I get my PPP funds... when can we start applying to my payroll?
A: The day the funds are deposited you can begin using the funds. The 8-week “timer” begins when funds are dispersed.

Q: As an owner, am I allowed to pay myself as well?
A: Yes, if you are on your own payroll as a W2 employee.

Q: If you pay an employee for 40 hours a week, do they need to actually work those hours?
A: This not prohibited by the PPP and is up to the borrower's discretion.

Q: Can you use 5 payrolls if they hit within the 8-week period example paid by weekly on 4-17, 5-1, 5-15, 5-29, 6-12?
A: Yes, as long as the pay dates fall in the 8-week period.

Q: Do we deduct pay from Families First pay (emergency sick leave & EFMLA) from the gross payroll?
A: You may not use PPP funds to pay employees on emergency sick leave and EFMLA, as the SBA considers this “double dipping.”

Q: Can we use equipment interest as well?
A: No, PPP funds cannot be used for equipment interest.

Q: Can all payroll taxes that are company paid be used in the 75%?
A: State payroll taxes may be paid using PPP Funds, but FICA & Medicare employer portions should not be included and will not be forgiven.

Q: We provide overtime to employees. Does overtime count towards the FTE?
A: Yes, those hours worked would be considered when figuring your FTE count.

Q: Is it okay to pay bonuses during this 8-week period?
A: Yes, but you cannot pay bonuses to meet the 75% threshold.

Q: Should we be tracking expenses during our 8-week period on a cash basis or accrual basis?
A: SBA has not set guidelines regarding this yet, so we will keep everyone informed as we hear more.
MIND YOUR PS
ANSWER YOUR QS
THE PAYCHECK PROTECTION PROGRAM FOLLOW UP QUESTIONS

PPP FORGIVENESS (CONTINUED)

Q: Must payroll amounts paid to individual employees that exceeds $100,000 annualized be adjusted down to the effective annualized $100k mark for purposes of using against the 75%?
A: You do not need to adjust employee wages down; however, the portion in excess of $100,000 (annualized) will not be forgiven.

Q: We have a lot of part-time employees who work under 30 hours. Can we count their payroll costs towards the FTE for loan forgiveness?
A: Yes. A full-time equivalent employee is determined by adding the hours of part-time employees on a monthly basis and dividing by 120.

Q: Does the 8-week time limit apply to round 1 of the PPP program? I thought it was 12 weeks during the first round.
A: Yes, eight weeks is the standard.

Q: Are OT and bonuses able to be included in the gross wages portion of the payroll forgiveness?
A: Yes, these items would be included in gross wages.

Q: If your payroll goes over the 75%, is it ok to go over to calculate the forgiveness calculation?
A: Yes, up to 100% of your PPP funds can go towards payroll.

Q: What is considered "utilities"? Electric, gas, phone, internet....
A: Utilities considered include electricity, gas, water, transportation, phone (landline and cell) and internet access for services that began before February 15, 2020.

Q: What happens to the forgiveness if you do not keep FTEs equal to or higher than the Feb 15 - June 30, 2019 or Jan 1 - Feb 29, 2020 periods?
A: The forgiveness amount will reduce proportionally by the unmet requirements. The folks at CliftonLarsonAllen explain the forgiveness reduction calculation very well here in number 15.

Q: We only pay a 401k contribution once per year (after year end). If we don’t pay out the 401k contribution during the 8 weeks, can we still count it?
A: This will depend on the guidance that has yet to be published from the SBA on cash vs. accrual basis for reporting the payroll expense. Stay tuned!

Q: What happens at the end of the 8 weeks if businesses are not open again? Is it possible that the businesses would receive the PPP and then close at the end of the 8 weeks?
A: The PPP is designed to help small businesses during this difficult time but does not ensure business longevity. There is nothing in the PPP guidance that states loan forgiveness is jeopardized by a business subsequently closing.

Q: Is FTE Full Time Equivalent or Full Time Employee?
A: FTE is full-time equivalent for the purposes of talking about PPP loan forgiveness.