

**Q:** If a person's wage and bonus is greater than \$100,000, should you include the total? Or only up to \$100,000?

**A:** Payroll expenses only include wages up to \$100,000 for both loan amount calculation and forgiveness calculation.

**Q:** If we applied for the EIDL loan, can we also apply for the PPP? My understanding was that we could do both, but that the \$10,000 received through EIDL would not also be forgivable through PPP. Did I understand that correctly?

**A:** You can apply for both the EIDL and the PPP. The \$10,000 grant through the EIDL will reduce the forgiveness amount on the PPP.

**Q:** Have you actually seen someone see the \$10K advance yet? We applied on Monday, SBA said 48hrs to get in the system... and then should see the advance within 3 days. Just curious if we should trust the timeline?

**A:** We are working to find an answer to this question.

**Q:** Eligibility criteria for EIDL loans? Any disqualifying stipulations (ag business)?

**A:** In order to qualify for the EIDL loan you must be a qualifying small business (under 500 employees) and non-agricultural business.

**Q:** Is there an exclusion for ag employers from the PPP program?

**A:** Agricultural business may apply under the PPP

**Q:** Is the payroll period the 2019 calendar year or the previous 12-month period? We've seen both.

**A:** The most recent regulations use a 2019 calendar year period for wages to determine the PPP amount.

**Q:** For the Payroll Protection Program, as a sole proprietor, how are they going to calculate payroll if you aren't paying yourself with a regular payroll like other businesses do for employees?

**A:** Treasury hasn't issued guidance on how the PPP will work for sole proprietors yet.

**Q:** How does the PPP relate to an Active Real Estate Professional with Schedule E rentals? Based off of aggregate net earnings? Do they even qualify?

**A:** Treasury hasn't issued guidance on whether active real estate professionals can include schedule E earnings in their calculations. Currently they describe self-employment earnings as qualifying so that would exclude any schedule E rental income.

**Q:** Do you know for businesses that are shut-down if you can defer the funding of PPP loans until the business is back up and operating again?

**A:** There hasn't been any guidance to indicate that businesses can choose to delay funding once PPP loans are approved.

**Q:** If you spend 90% of the Payroll Protection amount, do you only owe the 10% back within 2 years at 1%?

**A:** Yes, if you spent 90% of the PPP amount on qualified expenses in the 8 week window then the other 10% would be repaid at 1% interest due in 2 years from date of application.

**Q:** Are part time employees covered under this program? (12:14)

**A:** Part time employees do qualify

**Q:** We are an S-Corporation. What entity do I check at the top of the application?

**A:** We are working to find an answer to this question.

**Q:** Since min wage has increased, can we increase loan request to cover the difference?

**A:** There is no increase in the loan amount to cover increased wages.

**Q:** Can you apply for both the EIDL and PPP? I have heard some whispers of the EIDL rolling into the PPP if you get approved?

**A:** You can apply for both EIDL and PPP. EIDL's funded through 4/3 were allowed to be rolled into the PPP and forgiven to the extent they covered wages.

**Q:** I'm a bit confused about how this works for self-employed since there are no wages. Can you give a bit more details?

**A:** We are waiting for more guidance from treasury on this issue.

**Q:** We have two businesses: one "essential" and one not. Both LLC companies. Does the amount we took as distributions from the company for which we are applying count as part of wages to claim on the PPP loan?

**A:** No distributions from LLC's are not considered qualified payroll expenses.

**Q:** For PPP loans, do my employees need to stop receiving unemployment? And therefore should I ask my employees to get off unemployment now and come back to work on my payroll? Or should I apply for the loan today and wait to bring staff back until later?

**A:** Your employees would resume employment so they would no longer qualify for unemployment. Once you are approved for a PPP loan you have 8 weeks to spend the proceeds in order to qualify for forgiveness. You should consider this with the timing of your application while keeping in mind that the total amount of loans have a funding cap.

**Q:** For the PPP, what if full time employees are currently working part time to try and comply with the state stay at home order? These employees will be compensated at full pay even though they are only working part time?

**A:** All of the wages paid to employees whether they full time or not during the 8 weeks following approval of the PPP loan will qualify for forgiveness.

**Q:** More info on tax provisions for Qualified Improvement Property. Eg, how might this apply to large property improvement investment that is that is in progress (i.e. 75% completed)?

**A:** A large project would qualify at the time it is placed in service.

**Q:** If you have taken the RMD already, are there any changes on tax payment on those funds?

**A:** At this point there is no changes to taxability of RMD's already taken.

**Q:** In regard to PPP loan forgiveness, I had 40 FTE in 2019 temporarily closed on 3/31/2020. If I spend 75% of the PPP loan on 30 FTE payrolls, will it be forgiven?

**A:** The comparison period for FTE is 2/15/19-6/30/19 or 1/1/20-2/29/20. If all of your 40 FTE are back to work by 6/30/20 then 100% of the PPP will be forgiven, if not then the forgiveness would be reduced to  $\frac{3}{4}$  of the maximum (assuming your FTE for the comparison period was 40)

**Q:** Employers under 50 employees. When does that metric start?

**A:** For any of the employee headcount limitations, 500 or 50, the count is as of the date the leave (sick or FMLA) is requested. The under 50 exemption is very limited and is only available when the requested leave is for reason #5, care for child at home whose school or care facility is closed. And employer must document: The provision of paid sick leave or expanded family and medical leave would result in the small business's expenses and financial obligations exceeding available business revenues and cause the small business to cease operating at a minimal capacity; The absence of the employee or employees requesting paid sick leave or expanded family and medical leave would entail a substantial risk to the financial health or operational capabilities of the small business because of their specialized skills, knowledge of the business, or responsibilities; or there are not sufficient workers who are able, willing, and qualified, and who will be available at the time and place needed, to perform the labor or services provided by the employee or employees requesting paid sick leave or expanded family and medical leave, and these labor or services are needed for the small business to operate at a minimal capacity.

**Q:** Can you go on sick or FMLA if you are not sick but you are at high risk bc you have a weak immune system or you are older?

**A:** Potentially. You would probably need to have a health care professional recommend that you self-quarantine. This would be reason #2. See slides for the list of reasons for requesting leave.

**Q:** I've heard that the stimulus payments are an advance on your 2020 tax filing. Any truth to that?

**A:** The stimulus payments are an advance of a 2020 tax credit. We believe that if you got too much payment advanced then you would have to pay it back on your 2020 return and if you should get more credit you will get a refund on your 2020 return.

**Q:** Our business was founded 01/01/2020 and our launch date was delayed because of the virus situation. We can't show revenue for the last 12 months, but have financial hardship now to get started (need to pay suppliers to have our products manufactured and shipped to us, etc). Would we qualify for any types of loans?

**A:** We are working to find an answer to this question.

**Q:** I operate my preschool under an LLC. The LLC pays my wages and is an s-corporation. Do I qualify as self-employed?

**A:** Not for purposes of the PPP or EIDL. The preschool would file for a PPP loan, your wages would get included in the calculation of both the loan amount as well as the forgiveness amount.

**Q:** For those self-employed folks trying to claim unemployment, how should they go about it since they aren't showing wages? I have heard some frustrations of other self-employed folks being denied to do this.

**Q:** Would you recommend to sole proprietors to jump on that grant first and then apply for the paycheck protection program later on the 10<sup>th</sup>, if we qualify? Just trying to make the best decision between the two.

**A:** It makes sense to get both if you can. The EIDL grant amount doesn't reduce PPP funding only PPP forgiveness.

**Q:** Does all PPP money need to be spent within 8 weeks of receipt?

**A:** All PPP money must be spent within 8 weeks of receipt in order to qualify to be forgiven. If the amounts are spent in 8 weeks they must be repaid at 1% interest over two years.

**Q:** Still confused about the FMLA & Sick Leave. If a retail shop, for instance, that would be open right now but the Governor deemed them nonessential and required they close, do those employees qualify?

**A:** It is our understanding that in this particular case, where operations are completely shut down, that the employees do not qualify for Emergency Sick and FMLA because there is no work for them to perform. Unemployment or perhaps the Employee Retention Credit would be the avenue to take.

**Q:** For the PPP, my wages have decreased more than 25% because of closure to my business, in this scenario I would have to repay the entire debt and not be waived?

**A:** If your wages during the 8 weeks after your PPP loan closes are at least 75% of the amount that they were for the period of 2/15/19-6/30/19 or 1/1/20-2/29/20 then they debt reduction won't be affected. If they fall below then the forgiveness is reduced proportionately.

**Q:** I am an owner of a small business and I am self-employed, but my business is closed. Do I qualify for unemployment benefits?

**A:** Yes. The unemployment benefits will be available through the State. The State is working on modifying the unemployment to accommodate self-employed individuals. Please check with the Employment Security Department for status updates.

**Q:** If we add an employee this week (we have work right now ramping up) and this goes on for a while, would our new employee then qualify for this provision if it came to that?

**A:** The new employee would qualify for Sick leave right away. The new employee would need to be working for 30 calendar days to qualify for FMLA leave.

**Q:** Can you explain the 8 week period for the PPP loan? If business is shut down until May 6 due to the Stay Home Stay Safe instruction but funds are received before then does the 8week period start after business is allowed to function as normal?

**A:** The 8 week provision of the PPP loans begins when the loan closes not when the Stay Home Stay Safe Order ends. You may have to pay employees to stay home in order to qualify for maximum forgiveness if you close your PPP loan before the order is lifted.

**Q:** This is in regard to the PPP requirements: If we have employees that have had prevailing wage rates paid to them in 2019, how do we determine that they are restored to their full time employment/salary rates by June 2020, if we do not have any prevailing wage tasks/contracts offered to us between Feb 15 & June 30, 2020?

**A:** We are waiting on more guidance on what qualifies for restoration of wages.

**Q:** Can the employee use the Paid Sick leave hours for longer than 10 days? Is it hour by hour? If so, then after the hours are used does it go into the FMLA if applicable?

**A:** The sick leave hours can be used intermittently depending upon which of the 6 reasons the leave is being requested for. If the employee is sick then intermittent usage is probably not applicable. But if the employee is at home to take care of a child but can telework for say 2 hours per day but not the full 8 hours, then sick leave may be taken for the 6 hours the employee is unable to work. I believe FMLA would be available on an intermittent basis as well, but I would recommend consultation with legal counsel on the specifics of intermittent FMLA.

**Q:** Since the ESD is unable to process claims from self employed until 4/15, would we be able to be paid retroactively?

**A:** According to the ESD website, the claim would be retroactive back to the date unemployment began.

**Q:** More guidance on how to apply would be very helpful.

**A:** We agree. Please continue to watch the ESD website for updates. <https://www.esd.wa.gov/>

**Q:** Can vacation paid in advance be applied to PPP funds?

**A:** Vacation and sick time payments qualify for the loan amount calculation. It is unclear based on current guidance whether vacation paid in advance would qualify for forgiveness.

**Q:** You said small business is under 500, I saw at SBA that for tree fruit it also has to be under \$1M in receipts. Is that correct?

**A:** Rules for what the SBA considers to be a small business are separate and different from what is considered a small business as defined by the stimulus packages. SBA typically looks at revenue amounts. The stimulus packages base it on number of employees.

**Q:** We have two companies, one is well over \$1M and one is under. Can we apply for the PPP based on the information for the one company and then just be sure we pay out of the company the appropriate amounts? Both companies function as one with most of the same field workers.

**A:** There are some very specific rules regarding related entities which is beyond the scope of this Q&A. We recommend consulting your tax professional to determine the specific facts and circumstances of your situation.

**Q:** Do you have information on the nature of the stimulus money? I have seen the possibility that it will NOT be considered taxable income for 2020, but WILL be considered as an advance on a tax refund. Meaning people think they are getting free money but they are just getting an early tax refund.

**Q:** We have a son who was a dependent for our 2019 1040 tax return, but he was a 23 year old student. Does he need to file the \$1 in AGI in order to get a stimulus payment, or do we get the \$500 check for him?

**A:** If he was claimed as a dependent then he will not qualify to get the \$1,200 stimulus payment or the \$500 for you. If you don't claim him in 2020 he may be able to get the credit on his 2020 tax return.

**Q:** Will my business qualify for a PPP loan if we are a non essential business with employees working from home?

**A:** Yes, small business paying wages will qualify for PPP Loans.

**Q:** Can a LLC self-employed person collect unemployment?

**A:** To date, regulations do not address this specific question. I believe that self-employed LLC members will qualify for benefits. Continue to watch the ESD website for updates.

**Q:** I am a sole proprietor salon owner with no employees. I am confused on what SBA loan to apply for.

**A:** You should still qualify for the EIDL Loans, and sole proprietors will qualify for PPP loans but we are waiting on more guidance to find out how that will work.

**Q:** I'm a Hair Designer and Salon Owner in a single chair suite in the Lynwood area. My small business doesn't have employees. So am I to understand that at this time because I don't have employees I don't qualify for the SBA loan you talked about in the webinar podcast? And also no unemployment benefits as well?

**A:** There is more guidance coming on the PPP loans for self-employed individuals and unemployment benefits are coming for self-employed as well.

**Q:** On the SBA 30 years 3.75% EIDL loans – can that be used for refinancing commercial buildings? And did I understand correctly that it is only directly through SBA, not through our bank?

**A:** No that loan cannot be used to refinance existing debt. You are correct it is administered directly by the SBA.

**Q:** There were some benefits to business for remodeling projects. We are in the middle of some of those that we would not have started if we had known what was coming. What exactly is the benefit for remodels to businesses?

**A:** Improvements to the interior of commercial buildings qualify for 15 year tax lives and also for expensing in the year they are placed in service, this is retroactive to 2018 and applies to all years after 2018.

**Q:** I know there are many who've been turned away because they aren't showing all the symptoms so could not be tested, so if you are experiencing symptoms and have tried to seek medical diagnosis and have been turned away, does that mean they don't qualify for emergency sick leave?

**A:** You may still qualify under reason 6.

**Q:** Would it make sense to apply for both the EIDL and the PPP right now? If so, how would you see that working? Any reasons not to do this?

**A:** There is no reason not to apply for both loans. EIDL loans typically are used for longer term working capital. PPP Loans must be used for qualified expenses (payroll, rent, utilities, or interest) during the 8 weeks immediately after funding.

**Q:** If you pay employees under PPP are they considered employed & are we required to pay emergency sick/fmla?

**A:** Yes, but keep in mind that wages paid under sick/FMLA do not qualify as wages paid for forgiveness purposes under the PPP as it would be considered double dipping.

**Q:** Definition of what qualifies as small business for Ag according to SBA

**A:** Small business for Ag has the same 500 employee definition. Ag small businesses do not qualify for EIDL, but do qualify for PPP.

**Q:** If an organization/individual has multiple separate EIN orchards, are all of the orchards consolidated or is each one considered separate for the SBA calculation?

**A:** Each entity that files a tax return would apply for SBA loans themselves.

**Q:** Can you please direct us toward the guidance that now allows folks to take federal sick leave if there is work for them but they are unable to do it due to the WA State stay at home order?

**A:** Federal Register/Vol. 85, No. 66: <https://www.govinfo.gov/content/pkg/FR-2020-04-06/pdf/2020-07237.pdf> Page 23 of the document

**Q:** We have a business that is closed, most employees have been laid off, and the remaining are considered "essential" working on site. The employees who are still working would qualify for the Emergency Sick Leave then, correct?

**A:** Correct.

**Q:** If an employee can qualify for emergency sick leave, based solely on the stay at home order... that means every single employee automatically qualifies. What reason do they have to come to work? And as an employer, I can not afford to pay sick leave for all (or several) employees and then pay staff to actually keep the business running. Please ask Charlie to make sure this fact is correct!

**A:** if you have work to be performed but the employee is unable to perform that work due to one of the 6 reasons, including the Governors Stay At Home order, then you as an employer are required to pay sick leave. If you have under 50 employees you may be able to be exempt from sick leave pay requirements if it causes financial hardship and the reason for leave is #5. You can not be exempt if the reason is #1. However, keep in mind that the sick pay will be fully refunded to you via the tax credit. See DOL FAQ's number 58 and 59. <https://www.dol.gov/agencies/whd/pandemic/ffcra-questions>

**Q:** To clarify, if a full-time employee now qualifies for Emergency Leave reason #1 because of new WA State regulations – they will receive 2 weeks of sick leave and then qualify to continue to receive pay through the FMLA? Or only for 2 weeks of the full month that Inslee has declared a stay home order?

**A:** Up to two weeks of sick leave are available if the employee is unable to work due to reason #1. FMLA is only available for reason #5.

**Q:** Does this apply to Agriculture (I think this was asked during Emergency sick leave portion)

**A:** Yes, it applies to all employers with under 500 employees.

**Q:** My payroll is a smaller fraction of total monthly expenses. We are paying our manager full time although not working. Our four part-time employees are not getting paid. I don't think I would qualify for EIDL, so all I think I can get is 2.5X payroll which doesn't come close to cover rent, utilities. Is there another option? Do I have to start paying employees even though business is closed? If all I get is 10 weeks of payroll and we lose 10 weeks total, how is any rent or utilities covered?

**A:** If you do not qualify under the EIDL program, at this time the only other SBA program would be the PPP. You should consider applying for the EIDL program the application is relatively quick and easy the PPP isn't designed to provide working capital for businesses it is mostly designed to cover payroll.

**Q:** On the Employee Retention Credit, what if you were a new business in 2019 and don't have the comparative data from last year?

**A:** I have not seen guidance for this situation, new business in 2020 and no comparative information for 2019. I would assume that you would need to rely on a complete or partial shutdown of operations due to COVID-19 to claim the ERC.

**Q:** Employee Retention Credit: How would this work for seasonal (agriculture)?

**A:** I have not seen specific rules related to seasonal employers yet. But in general, if you had a revenue decline of 50% during a calendar quarter of 2020 compared to the same calendar quarter in 2019 then you would qualify for the ERC.

**Q:** If we use the Employment Retention Credit, can we do it for only 2 employees or does it have to be for all? Only the 2 are still working, the others are on unemployment.

**A:** The ERC is determined based upon wages you pay to individual employees. If you are not paying wages, the ERC does not apply.

**Q:** Are government agencies eligible for the wage credit against payroll taxes – city or county?

**A:** Government agencies are not eligible for the ERC.

**Q:** When full time employees are being paid full compensation either working part time or staying home altogether, should they be paid as regular pay or as sick pay?

**A:** If there is work to be performed but the employee is unable to perform that work due to one of the six reasons then sick leave should be paid. If employees are being paid even if work is not available.

**Q:** Some of my employees already filed for unemployment. Can they continue or do I need to put all of my employees on the PPP?

**A:** The PPP is money provided to the business owner to pay their employees. If you take this money and pay your employees then they won't qualify for unemployment. The PPP only covers 10 weeks of wages.

**Q:** Do full time, salaried employees qualify for full pay through unemployment?

**A:** Yes

**Q:** Does “payroll” when calculating the PPP loan amount include health care costs, retirement matching, and profit sharing and state unemployment OR for the calculation are we only using the actual payroll costs from the 941?

**A:** Payroll costs for the PPP loan amount includes wages (up to \$100,000), healthcare, retirement plan contributions, and state payroll taxes (ESD, L&I, and WAFMLI)

**Q:** If employers have laid off their employees, do they have to be re-hired to qualify for the federal loan program?

**A:** For the PPP loans the loan amount is based off of 2019 wages, in order to qualify for forgiveness, 75% of the loan proceeds must be spent on payroll costs.

**Q:** “Self Employed” So if I own my business which I’ve always considered myself self employed does that mean now I qualify for the expanded deferral unemployment? And since I only do member distributions what do I claim for wages? I don’t get a regular paycheck.

**A:** Yes, you will qualify for unemployment benefits. Rules as to how much your benefit will be are still being developed.

**Q:** Are there benefits for self-employed with no employees, sole proprietor, and not pay into state unemployment fund?

**A:** Yes, you will qualify for unemployment benefits. Rules as to how much your benefit will be are still being developed.

**Q:** Are unemployment benefits available for self employed individuals who don’t pay in unemployment tax on themselves?

**A:** Yes, you will qualify for unemployment benefits. Rules as to how much your benefit will be are still being developed.

**Q:** Do we qualify for the \$10K advance if we are self employed and have no employees?

**A:** You may qualify for the \$10,000 grant, there is little guidance on how it is determined and it is not cost to apply for it.

**Q:** When is it best to use the Employee Retention Credit or the PPP?

**A:** This needs to be evaluated on a case by case basis based on how much PPP credit you qualify for and how much of that amount will be forgiven compared with the total employee retention credit.

**Q:** For the Expanded Federal Unemployment payments... how do my employees who are currently on unemployment sign up to receive this?

**A:** The State is administering the expanded benefits. Keep watching the ESD website for developments.

**Q:** For an LLC, a one owner who gets wages as employee and gets draws, are the draws considered wages?

**A:** LLC draws are not considered wages for purposes of the PPP loans.

**Q:** As a business with less than 100 employees how do we decide PPP vs. employee retention credit. We have 1 employee working and the rest laid off but plan on bringing them back.

**A:** You have to evaluate the amount you would receive through the PPP program and how much would qualify for forgiveness versus how much employee retention credit you would qualify for.