

Q: Are payroll taxes included in what's forgiven as well? (not just expenses)

A: State payroll taxes may be included in the forgiven amount

Q: EIDL Advance that we received, was 9k (9 employees). This is not due to be repaid. Does this mean that we need to pay back 9k of the PPP we received?

A: The \$9,000 will not be forgivable on the PPP loan, the unforgiven portion of the PPP loan is due in monthly payments starting 6 months after funding in 18 payments with interest at 1%

Q: When they say retirement contributions, can this include 2019 balance due on matching and profit sharing if not funded yet?

A: There is not specific guidance on the retirement contribution, but the forgiven expenses are supposed to be related to the 8 weeks of wages incurred during the covered period so most likely the 2019 contribution won't be considered a forgivable expense.

Q: Can we prepay rent?

A: No, prepayment of expenses is not allowed.

Q: What if the bank marked all loan amount for payroll and did not separate into rent, utilities category on the loan form?

A: It shouldn't matter the law doesn't state that you have to exactly identify before you get the loan the dollars you will spend. You may want to clarify with your bank though.

Q: Sorry, can you give those dates again for comparing full time employee numbers?

A: 1/1/20-2/29/20

A: 2/15/19-6/30/19

Q: If bonuses were paid out in Jan 2020 via payroll, is it going to look like we paid our employees less? Resulting in less forgiveness?

A: These amounts would be included in wages paid between 1/1/20-2/29/20 and may result in a reduction in forgiveness, there is no specific guidance to this situation.

Q: For employees earning over \$100K is it ok to use PPP as long as you do not exceed the \$15,835 amount?

A: Yes Employees earning over \$100,000 may be included in the loan amount and the forgiveness but only up to \$100,000 annual salary

Q: Gas - propane? Diesel? gas cards?

A: It may be, utilities includes transportation, but there is no definition for what exactly that means.

Q: We are an ag company so we don't file quarterly 941s, we file annual 943s. How would we be able to provide a tax report to the IRS when that won't happen until January 2021?

A: You should be able to provide payroll reports, including proof of payroll tax deposits to the bank and that should be sufficient.

Q: Is fuel expense considered utilities?

A: It may be, utilities includes transportation, but there is no definition for what exactly that means.

Q: Can payroll expenses account for 100% of forgiveness? (If we have enough payroll to burn through the entire amount).

A: Yes payroll can account for 100% of the forgiven amount.

Q: Can we use funds for training ie: professional development of employees?

A: Yes as long as you are paying your employees as wages.

Q: How about Department of Revenue taxes?

A: Department of Revenue taxes do not qualify as forgivable expenses.

Q: Can the PPP be used for owner draws if it part of our normal wages and was used to calculate our PPP loan amount?

A: PPP may not be used for owner draws for a corporation. For a partnership or sole proprietor it may be allowed depending on your 2019 self-employment income.

Q: I read that group health premiums are considered part of the payroll expense amount, is that still correct? Also, I read that the employer portion of the federal taxes are not forgivable, is that correct as well?

A: Group Health premiums are part of payroll expense. Employer portion of federal payroll taxes are included in loan calculation amount, there isn't guidance yet on whether they are includable in the forgivable expenses.

Q: Will forgiveness trigger revenue recognition in order to deduct the expenses?

A: The IRS recently released guidance stating that the forgiveness isn't includable in income, but the expenses that triggered forgiveness aren't considered deductible.

Q: We have 2 employees out on paid family leave during our 8 week period. How do we account for their missing wages? I.e: they are still employed, however we did not pay their salary for a portion of the 8 weeks.

A: We don't have guidance on this, their wages paid while they are on FMLA don't qualify as a forgivable expense.

Q: I noticed federal FICA taxes were not on the list of qualified expenses. Is this correct? Is the definition of payroll cost still in flux?

A: The employer portion of the FICA taxes are not a qualified expense. There is still some question surrounding the employee portion as they are includable in the loan amount but there is no guidance on the forgiveness amount.

Q: We do not have cancelled checks for payroll as we have direct deposit, how do we get around that for recordkeeping and backup?

A: Copies of your payroll register and bank statements should be sufficient backup.

Q: Are there any issues or liabilities to consider if paying bonuses to the full PPP amount?

A: There is no guidance either way on bonuses. At this point as long as you aren't paying more than \$15,835 in total wages during the covered period we believe bonuses will qualify as forgivable expenses.

Q: Do cash tips count for the loan forgiveness?

A: Tips would not be includable in loan forgiveness, unless you are compensating your employees for tips they aren't receiving as wages.

Q: Do you know whether it will be permitted to give employees raises or bonuses during the PPP period?

A: There is no guidance yet, but we believe this will be allowed.

Q: What about supplemental health, such as Aflac expenses paid by employer?

A: The guidance is currently unclear whether supplemental insurance will be included as a group healthcare benefit.

Q: If business is still impacted and employees end up having to be laid off after June 30, will that affect qualifying for forgiveness and the PPP loan?

A: If your headcount and salary don't drop during the 8 week covered period then the entire amount will still qualify for forgiveness.

Q: If you will not hit the required 75 percent threshold on payroll, will there be any partial forgiveness? If so, what would be forgiven?

A: You can qualify for partial forgiveness. Non-payroll costs may not be more than 25% of the amount forgiven. To determine the total allowable forgiveness you would divide your payroll costs during the 8 week covered period by .75, then subtract the payroll costs to determine the allowable non-payroll costs.

Q: In your model you could pay payroll early instead of a bonus? Also loan payments. And consider forgiveness is on interest not principal payments.

A: Only 8 weeks of wages are considered forgivable expenses so you cannot prepay employees.

Q: If I pay all my full time employees do i have to pay the part time employees to still qualify for full forgiveness?

A: We are waiting on final guidance on part time employees, their pre-reduction hours are included in the employee headcount but we don't know the exact calculation. You will have to pay the part-time employees in some manner to qualify for full forgiveness.

Q: Will the deduction of the amount of EIDL be dollar for dollar?

A: The EIDL Grant amount is a dollar for dollar reduction of the forgivable amount under the PPP. A regular EIDL has no impact on the PPP forgiveness.

Q: I thought the original info said you could pick the 8 weeks you wanted to use?

A: The 8 week period starts when the loan is funded which cannot be more than 10 days after it is approved by the SBA.

Q: How will the "can't decrease by more than 25%" be calculated? What if an employee works elss, but hourly rates are the same or higher?

A: If that employee earned the at least 75% of the wages as the qualifying period then there would be no reduction unless it results in a reduction of FTE

Q: Do partners in the "self employment income" need to be active participants in the LLC?

A: The partnership has to apply for the PPP loan, it can include net earnings from self-employment of individual US based general partners that are subject to self-employment tax in the loan amount.

Q: We are a hotel. Cable, Internet and phones are all in one bill. Is cable considered “utilities” as well?

A: Cable is not included in allowable utility expenses.

Q: Can transportation include mileage reimbursement paid to employees?

A: We are waiting on a definition of transportation still.

Q: Can you add staff during the 8 weeks?

A: Yes there is no restriction on adding staff.

Q: Do all employees have to be paid to be back? If I pay my full time employees, do I have to pay my part time employees?

A: You have to maintain your Full-time equivalent employees so your part time employees will have to be paid.

Q: Regarding PPP date of June 30, 2020 to maintain staff employed: if we get to July and our customers have not increased enough by then to keep people on staff, if we then have to lay people off in July that will not affect our ability to apply for forgiveness of PPP?

A: There is no guidance on what happens after June 30, 2020, the law as written states that the reductions will be ignored if the headcount or salary reductions are eliminated by June 30, 2020.

Q: What proof is needed for self-employed for the forgiveness for the \$15,835 limit when they file with schedule C and are not required to file state payroll (ie: employment security or L&I)?

A: You will need a copy of schedule c as well as any 1099's received.

Q: We pay some of our utilities annually (like internet). Do we pro-rate for the 8 weeks?

A: We are still waiting on guidance for this issue.