

PPP Forgiveness

Borrower Checklist

Revised August 3, 2020



Preparing for PPP Forgiveness

Your Lender provides a portal for Borrowers like you to prepare an accurate forgiveness application. The portal will give you step-by-step guidance, especially for collecting the supporting documentation required for 100% forgiveness.

Before you start the forgiveness process, make sure you understand Covered Periods and Reference Periods as explained below.

In addition, please gather the documents and information listed on pages 3 and 4 of this document.

The SBA will accept support certain documentation files in common formats:

- PDF
- Excel (XLS, XLSX)
- CSV
- Word (DOC, DOCX)
- Image (JPG, JPEG, PNG)

Remember that you can also use your phone or iPad to take pictures of documents, receipts and canceled checks. Please don't combine documents into one big file as it makes it difficult to review.

What's a Covered Period, a Reference Period, and Why Does it Matter?

Covered Period

Your eligible expenses in the covered period are allowable for forgiveness. You have some flexibility in choosing your covered period. Your choice may increase the amount forgiven. So if your first choice doesn't result in 100% forgiveness, get professional advice.

- The standard covered period is 24 weeks from the date of disbursement of the PPP loan. So if your PPP loan was disbursed Monday April 20, the Covered Period is Monday April 20 through Sunday, October 4
- If your PPP loan was disbursed before June 5, 2020, you can choose an eight-week (56-day) Covered Period.
- If your payroll is biweekly (or more frequent) you can shift your Covered Period to the first day of the first pay period following the PPP Loan Disbursement Date. So if the first day of the first pay period after the PPP loan date (from the example above) is Sunday, April 26, you can select an Alternative Payroll Covered Period from April 26 to Saturday, October 10 (if using 24 weeks)

Reference Period

The government offered you loan forgiveness to protect employees' paychecks. So if you want forgiveness you have to show the SBA that

- (A) you retained employees when possible and
- (B) that you have not cut their wages more than 25%

To do that, you compare your employees' work hours and pay in the Covered Period against a Reference Period. The SBA gives you some flexibility in choosing a reference period:

- February 15, 2019 through June 30, 2019; OR
- January 1, 2020 and February 29, 2020; OR
- For seasonal employers only, any consecutive 12-week period between May 1, 2019 and September 15, 2019.

Again, your choice may increase the amount forgiven. So, if your first choice doesn't result in 100% forgiveness, get professional advice.

The SBA requires you to provide payroll information for the Reference Period and the Covered Period to check that you have in fact protected payroll without cutting hours, positions or wages.

Be prepared to note money paid and hours worked for each employee in the Covered and Reference Periods, and provide supporting documents (payroll reports, federal and state tax filings including quarterly payroll taxes, bank statements and canceled checks).

Information You'll Need

About your business:

- Tax ID used for the PPP loan
- Online banking login:
 - For your lender (if available, easiest way to verify your loan information)
 - For any other checking accounts you used for expenses (import them automatically without having to key in those expenses manually)
- Loan amount
- Loan **disbursement** date

Payroll:

- A report on payroll records relevant to PPP.
 - A specific PPP Forgiveness report may be available from your payroll provider.
 - If you have a payroll provider but they don't offer a PPP Forgiveness report, create a report showing all employees for your covered period and your reference period.
 - The portal contains instructions on how to find and export either the PPP Forgiveness Report or an appropriate Payroll Report from these payroll systems:
 - ADP - RUN; WorkforceNow; Comprehensive Services; TotalSource
 - Gusto
 - OnPay
 - Patriot
 - QuickBooks - Desktop Payroll; Online Payroll
 - Paychex - Flex; SurePayroll
 - Square Payroll
 - Wave Payroll
 - Xero
 - Zenefits
 - ... and more coming soon!
- If you don't have a payroll provider, you'll be offered a template in the application process you can fill in. You will have to provide evidence of cash compensation and hours worked by each employee for (a) your covered period (b) the reference period
- If any owners received compensation, you'll need to show these separately, name each one, and show their 2019 compensation.
- If your loan was based on Schedule C, have the most recent Schedule C available (2019 or 2018).
- Documents to show that you paid out these funds (e.g. bank statements, canceled checks, payroll tax reports).

Other Payroll Related Information:

- If you include Healthcare Expenses, please have a document with a summary of those Payments during the Covered Period and proof of payment
- If you list Retirement Expenses, please have a document with a summary of those Payments during the Covered Period and proof of payment

Non-Payroll:

- The allowable expense categories for business properties are:
 - Mortgage interest
 - Rent or lease
 - Electricity
 - Water
 - Gas
 - Phone
 - Internet
- For mortgage interest, you'll need a schedule from the lender showing the interest portion of your payments, and evidence that these payments were made (e.g. bank statements or canceled checks)
- For lease/rent, you'll need account statements from your lessor/landlord, and evidence that these payments were made (e.g. bank statements or canceled checks)
- For utilities, you'll need account statements from your utility provider
- **You'll also need one document for each service showing that the contract/service was in force as of Feb 15, 2020**
- You'll need one document for *each expense line item* you claim.

So, if you have an 8-week covered period, and are claiming expenses for 1 leased location with water/electric/phone/internet, all of which are billed monthly by separate providers, you should have three documents for each of the five expense categories, or 15 in total.