



PPP Loan Forgiveness Guidelines Comparison Chart

Focus Area	What we thought?	What was clarified?	What questions remain?	Application Reference
Covered Period	The Covered Period began when the loan was disbursed to the borrower.	The Covered Period definition remains the same; however, an Alternative Payroll Covered Period option has emerged allowing the borrower to better align with its existing payroll periods. The original Covered Period still pertains to nonpayroll costs.	Will there be flexibility as to when the 8 weeks can be chosen to start? Will the 8 weeks be extended to better align the reopening of the economy?	Page 1, definition of Alternative Payroll Covered Period
Covered Period	The date the loan disbursement is received is counted as the first day of the Covered Period resulting in an end date of the day prior. For example, if you received your loan funds on a Monday, your last day of the 8 weeks is a Sunday.	SBA clarified resulting in no change to our original interpretation.	None	Page 1, definition of Covered Period
Payroll Costs	Eligible payroll costs were on a cash basis (payment date) without regard to the accrual basis during the Covered Period.	The Borrower has two options: (1) Original Covered Period - 8 weeks from the date of loan fund disbursement (2) Alternative Payroll Covered Period - 8 weeks from the first day of the payroll period beginning after the loan fund disbursement to ease the administrative burden <i>If Option 2 is chosen, it must be used consistently when Alternative Payroll Covered Period is allowed for the calculation.</i> The SBA also clarified that payroll costs incurred but not paid during the last pay period of the Covered Period are eligible for forgiveness so long as paid on or before the next regular payroll date.	If the original Covered Period is chosen to use, is the first pay period pro-rated?	Page 1, definition of Alternative Payroll Covered Period Page 2, definition of Eligible Payroll Costs
Payroll Costs	Incentive pay and bonuses are eligible payroll costs so long as both earned and paid during the 8 week period.	SBA did not specifically mention any restrictions on incentive pay or bonuses. <i>GBQ continues to believe these are eligible payroll costs for forgiveness in the normal course of business.</i>	None	Page 2, definition of eligible payroll costs
Payroll Costs	Payroll to owners could not exceed \$15,385 per individual during the 8 week Covered Period.	Payroll costs related to owner-employee or self-employed individual/general partners cannot exceed eight weeks' worth of 2019 compensation or the <u>\$15,385 cap per individual, whichever is lower.</u>	None	Page 4, first certification
Payroll Costs	Employer costs for employee health insurance plans are eligible for forgiveness so long as paid during the 8 week Covered Period.	SBA clarified employee health insurance plan costs are eligible for forgiveness so long as paid during the 8 week Covered Period or Alternative Payroll Covered Period. The SBA also clarified this includes self-insured, employer-sponsored group health plans and would exclude any pre-tax or after tax contributions by employees.	None	Page 5, Line 6
Payroll Costs	Employer costs for employee retirement plans are eligible for forgiveness so long as paid during the 8 week Covered Period.	SBA clarified only retirement costs are eligible for forgiveness so long as paid during the 8 week Covered Period or Alternative Payroll Covered Period.	Will retirement costs be limited to 8/52 of annual costs?	Page 5, Line 7
Payroll Costs	Self employed benefits such as self employed health insurance and retirement contributions (SEP and SIMPLE) are not included in the forgiveness calculation (Form 1040, Schedule 1 Adjustments to Income line items).	SBA defines eligible health insurance expenses to be employer contributions for employee health insurance, including contributions to a self-insured, employer-sponsored group health plan. Retirement contributions include employer contributions to employee retirement plans.	None	Page 5, Line 6 and 7



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Payroll Costs	Employer state and local taxes assessed on employee compensation are eligible for forgiveness. Employee paid state and local taxes are not eligible costs for forgiveness.	SBA maintained its definition and further clarified this does not include any taxes withheld from employee earnings.	None	Page 5, Line 8
Nonpayroll Costs	Nonpayroll costs are eligible for forgiveness so long as the cost has been incurred prior to the end of the 8 week Covered Period and paid during the 8 week Covered Period.	SBA further clarified nonpayroll costs would include those costs incurred during the 8 week Covered Period and paid on or before the next regular billing date, even if the billing date is after the Covered Period. Eligible nonpayroll costs continue to be limited to no more than 25% of the total forgiveness amount.	None	Page 2, eligible nonpayroll costs
Nonpayroll Costs	Utility costs related to electricity, gas, water, transportation, telephone, or internet access are eligible for forgiveness.	SBA maintained its definition of utilities.	Are there further detailed definitions of each of these utility categories?	Page 2, eligible nonpayroll costs
Nonpayroll Costs	Rent related to real estate and equipment used in the business is an eligible cost for forgiveness.	SBA maintained its definition of rent obligations to include leases for both real and personal property (equipment used for business).	Are CAM and property taxes (commonly bundled with real estate leases) included in "rent"?	Page 2, eligible nonpayroll costs
Nonpayroll Costs	Interest related to mortgage debt is an eligible cost for forgiveness.	SBA maintained its definition of interest paid on mortgage debt. The SBA further stated any prepayment or payment of principal is excluded.	None	Page 2, eligible nonpayroll costs
Nonpayroll Costs	Payment of other debt interest is a permissible use of the loan proceeds but is not an eligible cost for forgiveness.	SBA made no mention of other debt interest.	Can non-mortgage interest be forgiven?	Page 2, eligible nonpayroll costs
FTEE Calculation	The calculation of a full-time equivalent employee (FTEE) is based on the definition used for the Affordable Care Act (ACA) which defined a full-time employee as working more than 30 hours per week. In accordance with the ACA, FTEEs were calculated by taking total weekly part-time hours and dividing by 30 hours to calculate a partial FTE.	SBA clarified the calculation of Average FTE allowing two options: (1) For each employee, take the average number of hours per week divided by 40 and round the total to the nearest tenth. The result cannot be more than one. (2) For each employee, assign a 1.0 to any employee working 40 hours or more per week and 0.5 to any employee working less than 40 hours per week. The measurement period is based on either the original Covered Period or Alternative Payroll Covered Period. The Average FTE calculation applies to the baseline periods for comparison. Using option 2, the simplistic approach, this becomes comparable to a headcount calculation.	None	Page 7, Average FTE
Attempted Rehire Exclusion	The employer was given a FTE credit if the employer made a good-faith, written offer to rehire an employee during the Covered Period which was rejected by the employee. This would not penalize the employer on its loan forgiveness.	SBA further clarified this attempted rehire exclusion noting it also included those employees who (a) were fired for cause, (b) voluntarily resigned, and (c) voluntarily requested and received a reduction of their hours. In these situations, along with those employees who declined an offer to be rehired, that employee would be counted towards the Average FTE so long as that position was not filled during the Covered Period or Alternative Payroll Covered Period.	None	Page 8, FTE Reduction Exceptions
FTE Reduction Safe Harbor	The FTE reduction penalty would be cured so long as FTEs were restored to 100% of the baseline period of 2/15/19 to 6/30/19 OR 1/1/20 to 2/29/20 no later than 6/30/20. It was unclear how to measure this.	The SBA clarified the Borrower is exempt from the reduction in loan forgiveness based on FTE employees <u>if both of the following conditions are met</u> : (1) the Borrower reduced its FTE employee levels in the period beginning 2/15/20 and ending 4/26/20; AND (2) the Borrower then restored its FTE employee levels by not later than June 30, 2020 to its FTE employee levels in the Borrower's pay period that included February 15, 2020. (see FTEE calculation)	Will the June 30, 2020 cure date be extended to align with the reopening of the economy?	Page 8, FTE Reduction Safe Harbor



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Wage Reduction Penalty	The wage reduction penalty for hourly employees is based on the reduction of hourly wages, not total wages paid.	The SBA clarified the wage reduction penalty is calculated for each employee and is based on the average hourly wage over the Covered Period or Alternative Payroll Covered Period.	None	Page 7, Salary/Hourly Wage Reduction
Wage Reduction Penalty	It is unclear how to compare the average wages over the Covered Period of 8 weeks to the prior quarter (1/1/20 to 3/31/20) of 13 weeks.	SBA clarified the average salaried wages or hourly wage should be averaged for the specified periods of comparison and then compared to each other to determine whether more than a 25% reduction occurred. We note the two periods of time are different; however, an average is used.	None	Page 7, Salary/Hourly Wage Reduction
Wage Reduction Safe Harbor	The wage reduction penalty would be cured so long as wages were restored to 100% of the baseline period of 2/15/19 to 6/30/19 OR 1/1/20 to 2/29/20 no later than 6/30/20. It was unclear how to measure this.	The SBA clarified the Borrower is exempt from the wage reduction penalty <u>if one of the following conditions are met</u> : (1) Average annual salary or hourly wage between 2/15/20 and 4/26/20 is equal to or greater than the annual salary or hourly wage on 2/15/20; <u>OR</u> (2) Average annual salary or hourly wage on 6/30/20 is equal to or greater than the annual salary or hourly wage on 2/15/20.	None	Page 7, Salary/Hourly Wage Reduction
Forgiveness amount	It is unclear whether accrued interest on the PPP loan between the date received and date of forgiveness would be forgiven.	SBA made no comment on accrued interest on PPP loan. There is no place on the form to indicate accrued interest to be included in forgiveness.	Will accrued interest on the forgiven loan amount be eligible for forgiveness?	Page 3, Line 11
Forgiveness amount	The eligible amount for forgiveness is based on amount spent on payroll costs divided by 75%, not to exceed the original loan amount.	SBA clarified this was correct.	None	Page 3, Line 11
\$2 million threshold	We were waiting on additional guidance on FAQ #31 and #37 pertaining to the SBA's parameters on evaluating the "Good-Faith Certification".	The \$2 million dollar threshold being used to require a review of the borrower's "Good Faith Certification" is based on the total loans of affiliated entities. For example, multiple loans received by affiliates will be added together and if greater than \$2 million in aggregate will be subject to SBA review.	None	Page 1, If Borrower Received PPP Loans in Excess of \$2 Million
EIDL Advance amount	Any EIDL advance received after PPP loan proceeds were received would be reduced from the forgiveness amount.	SBA clarified it will deduct EIDL Advance Amounts from the forgiveness amount remitted to the Lender.	None	Page 2, Line 11