1. Paycheck Protection Program Q&A - YouTube

<https://www.youtube.com/watch?v=4M1PZZIBSa8>

Transcript:

 okay great I think there should be and we can certainly follow you follow up on email and just making sure that this this deck is sent around to everyone but I will confirm that I think there shouldn't be a problem with that at all oh and here's a question for you health care premiums health care premiums or other benefits do they have to be paid throughout the 2019 12-week period so I assume that this is for seasonal employees did you know they don't have to be paid out consistently we'll just

 look at any any any any payments you've made we can factor that would factor into that right right right so anything that's made over that time frame gets factored into total which is then divided by twelve yeah okay next question from Freddie can I get a loan to pay freelancers and could the money I use to pay them be a hundred percent forgiven and they were on my team in 2019 and are in 2020 and so this I think falls into the contractor question is that right Owen yeah that's a good question I hesitate

 to say that they would be able to be included in payroll the I I think if they're being paid as it is a 1099 I would assume that they could be and typically definitely if they were sort of regular members of the team Freddie and yeah that would certainly be the way I'd be looking at this I think of course we can we can definitely look into this and send you an email just and just to make sure we're certain on that next question what about payroll for overseas workers Owens what is one right so payroll for workers that aren't in the

 US are excluded from the calculation unfortunately international workers would not count right so only u.s. resident and employees yes okay next one here when calculating prior payroll costs does it include employer matched 401k contributions and/or insurance so broad a benefit so I think and I think those sorts of things are included in payroll costs rights broader package and I've heard that I believe there is also some kind of deferment Kroger on the separate deferment program available so you don't

 have to pay that I shall part until like 2021 okay gotcha and and then while we're on the subject of deferment the loan itself so let's say that you take out a PPP loan and you unfortunately have to layoff a couple of people which means that the whole loan is not forgiven then you need to pay that back you've got obviously got a two year and two year window to do that do you have to start making those repayment straight away not at all in fact they do give you an automatic six months deferment so you have six months before

 you have to start making payments okay but the half percent no it's not a huge amount but the half percent interest that's gonna be still accruing over there six months there right yes I believe so although I am I believe that SBA may defer that as well we have a question here about mortgages and from Daniel are the other payments eligible for mortgages held by the business or can they and they also be eligible for held by mortgages held by the business owner these are for business kind of mortgages if you are of like a self-employed

 individual and you have a personal mortgage in your name and you meet you may be able to deduct a portion of that mortgage payment if you have like a home office so that would be in proportion to the size of your home office to the size of your entire home right so I actually saw that this question earlier today from from a client of benched in there and the exact same question that yeah and the answer is it if you've got a home office that is that's a 10% of of your home and you can deduct that typically from your and from

 your mortgage interest or whatever and that's that is also eligible here like same proportion I probably said that in an incredibly in eloquent way but just repeat about you would say next question there's interest debt obligations in crew include credit card interests oh that is a good question I believe I think it was any prior debt obligations would qualify I think that's that sounds to me as if it's a we'll get back to an email yeah yeah is that fair enough that's I'm not settling you're

 not selling on that one great question though thank you very much for asking it and next one from from Sarah if we applied for disaster and for the disaster loan program but I haven't accepted any terms are we still eligible for this loan absolutely yeah yep yes - yeah you saw a separate programs and yeah you don't yeah you don't have to accept the Idol alone at all if you will yeah for example if you if you hear back and it's offered and you don't take it then no problem I think it's worth stressing

 again that there's absolutely nothing wrong and applying for both of these programs in fact we're telling a lot of bench clients you might as well apply for both if you can use them for different things and also with the economic injury disaster loan there's this there's this emergency grant portion of the loan this sort of up front up to ten thousand dollars that will be given to you within three days and and if you can get that whilst you're still getting your application together if you're PPP then we can

 simply certainly and recommend doing that yeah yeah data emergency grant is a big one even if you don't if you even if you apply for the idle loan and you don't get accepted you don't have to repay that 10 up to $10,000 grant so it's definitely worth checking the they've streamlined the process I won't go into too much detail because this is the PPP kind of webinar but I would I would use this opportunity again just to plug our amazing blog and bench Docs you know /blog there is a ton of stuff about the

 different programs including that 10k a or up to 10k and emergency grant there next question to another five times payroll is the maximum loan amount but can we use that money for payroll and rent payments correct yeah exactly right so and payroll cost is a broad term JT it incorporates a whole bunch of different benefits and things included in with payroll and then there's also an amount that you can use for rent payments utilities mortgage interest I would stress at this point that looking at the application of form you don't

 want to be spending more than 25% of your loan on things like that you want to keep the bulk of it through for payroll oh and I don't know if you mentioned this already I think I don't think you did but what was the point about creating a separate bank account for this loan right yes so a great tip that one of our some one of our colleagues at bench came up with us to create additional bank account to store that kind of loan you you receive so that way you can keep track of exactly where that money is getting spent it's a better

 documentation that way yeah at this point I would just stress when you're and when you're applying to get this loan forgiven it is going to be imperative that you have rock-solid and documentation and record-keeping showing exactly where you spend this loan on all your different payroll costs or your different mortgage interest payments etc over that eight-week period and and to make that a lot easier is this idea of creating a different bank account for this loan so you can see exactly where everything went and there's no crossover

 having to sort through transactions so it's a fantastic idea and the other thing that I'll just mention on the subject is forgiveness while it pops into my head is that this is something that the applicant needs to proactively go and do so if you get to the end of the eight-week period of you're alone and and you've you've stuck to the rules you've kept everybody on you've only used that money for what it's intended and you want to get that whole loan forgiven you need to contact your bank

 and start that process yourself it's not gonna it's not gonna be an automatic thing um question from Stacey here and can you still collect unemployment while applying for this and obtaining financing only yeah that's a really good question because the PPP allows you to kind of move you let you to go to recover your original kind of pay rate you would not be able to qualify for unemployment any more so I would suggest kind of taking a look at both programs and seeing which one would work better for you on your kind of situation Thanks

 and then Christopher's asked and as I understand and I can use these funds to repay a debt obligation now I mean you probably and clear this up but is my take on this as it depends what the debt obligation is yeah so the the bills specifically says it's the interest on any debt obligations out of her that incurred before this kind of pandemic so February 15th I believe is kind of our cutoff date there and it's not pretty broad or is that only to it to mortgage interest mortgage interest and there's

 also another extra provision for interest on any other debt obligations great great so yeah and just the caveat is the interest yeah here's a question from Sarah that is the internet considered a utility and I believe that your broadband expenses if it's part of the business will be considered a utility bill for sure I'm not sure how that corresponds society or a specific situation whether or not is to do with the fact that you know working from home or whatever I difficult to give a and the precise

 answer there but if you do want to talk it through someone I suggest just giving giving some one of our our team here a call I'm so you can just call the bench number and we can talk it through can I pay 1099 contractors with this loan are they accounted for in payroll or only traditional w2 employees and this has come a couple of times om but I think that you can kind of again correct / confirm me is there as long as they are and kind of regular and regular contractor you pay in the in the normal line of work not just kind of one offs

 then and then they count yeah generally that is the kind of thinking we're going with right now yeah and I think you can probably tell in Owens voice there that this is a ever-changing landscape and the guidance from the SBA and the Treasury does change fairly often and you know as I've said we will constantly do our best to make sure that we are giving the most up-to-date information whenever it whenever it comes out let me jump in there yep that w2 definitely is that that counts for sure great thanks it's get to kill it up and

 question here from Michelle as as a home-based elementary education franchisee what if I get the loan and the schools and camps don't come back for the summer in other words what if I can't rehire staff because Co vid is still causing quarantine and sorry I'm what I was you drink I don't have any initial thoughts on this one that's that's that's a good question the the payroll the lowness of meant to cover your payroll so you you in theory you should be able to take that load and pay your rehiring the employees and pay

 them even if there's actually no real work being done and then you could kind of decrease that by opportunity 25% if needed but then I suppose obviously the question that's kind of underlying there is is what is it's the matter than then what's going to happen in the future and and unfortunately you know if and if you go into the summer and things are still the same and you know I hate and you have to lay people off or kind of hide them back then I'm sure that we're gonna be in a in a different situation but um

 yeah just I hope to know difficult to know with a lot of uncertainty obviously I mean this is a kind of very evolving situation this is a huge amount of funding kind of three hundred fifty billion almost three 250 billion allocated to this program alone so there's a lot of support coming and hopefully more to come if necessary yeah we know we understand like American small businesses are the backbone absolutely of the economy so getting as much funding as we can and then much support too so all this as possible it

 should be the kind of number one priority here next question and does a certain portion have to be used for payroll versus rent and other expenses yeah so we talked a little bit about that earlier of the UM of the loan seventy-five percent of that should be used for payroll and associated costs and then you have a sort of 25 percent and buffer that you can use for these other expenses like rent and mortgage interest payments here's a question parents do you have to have submitted your 2019 tax return Owen it is a very

 good idea to have that if you've not filed them yet preparing it so you're ready to file or as I'm still filling it out but kind of as much as you can it's a really good idea if you haven't Paris I think if you as long as you have an up-to-date financials and you can show a balance sheet and income statement where you can show a lot of these the financial information that's going to be required is going to be crucial here so you know not a game changer if you haven't filed your taxes

 but you certainly do need to evacuate accurate financials where you can show and you can prove how much money you need questions Brian Murray what about small businesses such as hair and nail salons that were forced to shut down as they're considered non-essential during the whole period there is no payroll paid to employees does that mean that these type of businesses don't qualify my understanding is they certainly do qualify is that right yeah they absolutely do qualify the payroll because the program kind of isn't

 retroactive back to February 15th so if you laid off employees kind of during this time February 15th to now it's okay you're okay to kind of rehire them back per se and provide that original pay income precisely so even if they even if they can't come into into the into the salon and do their job the idea behind this is that you can rehire them and put them back on payroll with this loan money and that's what it's for and then I can obviously go count towards the forgiveness of that loan

 will this presentation or replay the emailed and again I will and make sure that this deck is emailed around to everyone and it should all be recorded as well and so thanks very much for that question and so if a sole prop and you said it's from Elizabeth and if your sole probably had income but took losses due to expenses will you qualify for a PPP loan Helen so Ann lots of what I'm understanding yeah that let's but took income through drawers or whatever things like that ah that's a good question we probably need to do a

 bit more digging on that but I believe whatever net profit whatever profit oh that's true yeah yeah yeah Elizabeth we are gonna need to check what the situation for these ones for this scenario we will come back to you via email next question is from Jessica I think asking what's the situations for for s and C corpse and these are all eligible under this under this program is that right Owen absolutely yeah great and then Eric is kind of followed up to earlier so if I'm a sole proper 9 and 120 I assume that means 120 thousand per

 year and I can only calculate and as to that eight three three three point three three and monthly figures that's the amount that's that's caps equal to the 100k is that right Evan yeah absolutely so a hundred thousand dollars and it'll be kind of prorated monthly for that for the following months for that forgiveness yeah so unfortunately this program was only going to cover up to the 100k if you're only if you're earning above that and on the application should the average monthly payroll include your rent and utilities

 etc or just the actual payroll and so here and I think it's I think it's the payroll plus the other associated costs like things like benefits and insurance all that sort of stuff and a rent and utilities part is captured in the fact that it's two and a half times not just two months two times is that right exactly yeah yeah and so just to confirm that Pattie in this in that average monthly payroll don't include things like your rent on utilities they will be captured it's because your timesing it

 by two and a half and then JT asks does the two and a half times include all payroll expenses including payroll taxes oh yes it does yes it does fantastic question here from Charlotte if you are a sole proprietor small business do you put the employees payroll amount plus the net profit in the payroll column oh and I believe you're just putting the net profit line here is that right I believe you do factor in any employees you have on your payroll okay um question here from guy if we were in business in 2019 do we use the

 12 months of 2019 for the average or do you use the last twelve months or eight Pro 2019 to March 20 2010 sorry it's the beginning here sorry if if um guys business was in business for 2019 does he use the full year 2019 for the average monthly payroll or does he use the last twelve months so from April 19 to March 2020 the right now the guidance is all of 2019 so January 3 19 to December January 2019 for your payroll rate calculator and a question here from question from Lawrence for payroll calculation on page 1 should we use

 today's numbers or feb 2011 ploy err you should be using the Feb to do in 2019 numbers as is that's the guidance is that right and yes for a seasonal employer I also when you talked here to the lender let them know about that yeah Tom asked the question that's come up a fair bit here which is if I'm a single member LLC with no employees how do I prove payroll if I only do member draws Owen that's a good question member draws I'm not sure with those counters as I understand member drawers do not count

 as payroll and it's just assessed off the net income line and there we go okay but that's how you know again these these situations change all the time and Tom with this one I'm more than happy to follow up on email make sure that is answered with a higher degree of certainty and Paul's question can rent be prepaid for future months and be forgiven provided it falls within the 25% and you know that one gonna rent be prepaid that's a good question in the spirit of the bill it is to cover any

 any rent that is kind of being paid off currently any current rent I like a recurring cost yeah I don't think you could I don't I'm not sure and I'm not too sure actually Paul it's safe to say this is certainly a gray area and there's been no guidance that we've seen again I'm gonna I'm gonna mark that as a and if we have any information that we find on this we can certainly and send it to you in an email okay Eric has asked just to confirm how does it works to solve prop one man operation I just

 have to he asks I just have to retain myself and I assume here Eric you're talking about the the forgiveness part of the loan and yes I mean in theory are exactly right as long as you don't reduce the amount you you pay yourself or anything like that in theory the the amount you are given as long as you're using it and you can show all the ways that you are spending this money that it falls into all the other things like mortgage interest payments and all that sort of stuff in theory the the amount that you qualify for should

 be forgivable is that right I mean that sounds about right yeah yeah and this is an interesting question next hear from Lawrence that we've thought about as well is that what if an employee leaves on their own and we don't replace them so if somebody quits or has to move home whatever as part of this and everything that's going on they're not laid off does that affect the forgiveness of the loan oh and do you have any sort of concrete answers on this one also a bit of a kind of a gray area any I will know

 that because we don't have any guidance on forgiveness yet we're still waiting on the SBA notary to kind of confirm that they've given they've been given I think like 30 days to really confirm that for us but as far as we know as long as you hire anyone back and you maintain that headcount you are okay yeah I think the kind of the gut feeling on this Lawrence it based on the kind of on the spirit of the bill is that really they're trying to keep people in jobs or or get people that been laid off back

 into work and assuming that there are plenty of people out there that are that are looking for work my initial thoughts here would be safe to say that you might to be certain I would feel that I would backfill that position and make sure that you hire someone but obviously as as more guidance comes out from the SBA will obviously be updating all our information that's on the blog and everything that we send out and to clients and the rest of our sort of audience so we'll keep updating that as we get more information question here

 from Carrie if a business is a partnership with the net income on the tax return plus independent contract payments be used to average for the payroll costs that one unless I shot through it too quickly not 2/3 under that again and carry will I've had a couple of messages over the course of this that it's kind of they've been questioning the eligibility of 1099 and contracts and whether or not they have to claim separately under this program so it's safe to say that this is a bit of a gray area certainly have to

 the net income line is what you what you're looking at I think we do certainly need more clarification on the on the independent contractor part so again I'm gonna and make sure that we follow up with you on this question from patty so you cannot apply for both the Paycheck protection and economic in the disaster loan if not which is better and patty you can apply for both you can certainly apply for both the key thing here is that you cannot use them for the same thing if payroll was the one thing that you're most worried about worried

 about a cost that you meet you that you need to meet I would certainly recommend looking at the PPP as the economic injury disaster loan is not forgivable so looking at the two I would certainly go for the PPP however you can apply for both as long as you're using them for different things um Owen here's a question for you any quite any issues with an S corp where the only employee is the owner applying if no issue when is the application date for someone in this scenario I don't believe there are

 any issues with an S corp and the application is scheduled to be open or they're basically as they're allowing lenders to start applications starting tomorrow tomorrow at yes but of course there may be delays depending on the individual lender as they kind of figuring out the fine details and logistics yet so it's I think you're good to go and in theory you can you can start applying for this loan tomorrow I would check with your check with your bank diskens confirmed that they're a lender and they'd be good

 to go tomorrow yeah we do have a service set up no I'm Oscar with a thundera yes so and that is again it's an incredibly fast moving and fast moving landscape but bench of of recently and signed a partnership with fund era that a are a sort of a lending platform that help people apply for all different kinds of SBA loans and yes you can if you get in touch with bench we can certainly introduce you to fund arrow who can help you with your PPP application there's a couple more questions about member

 drawers which say if to say we haven't been able to give a 100% and answer on so I will certainly put them into the category of an email response could I repeat my remark about restaurants from from Christopher not sure exactly and what remark you were meaning here however and if it's down to if it's talking about the size and then it's the 500 person and cut off to be thought of as a small business and eligible for this is only per location um when did you say anything else about restaurants

 I think I mentioned that an example about kind of that reduction in the pay in salary so like if you're a restaurant and you're not people aren't as you're not bringing in as much income it's okay to kind of reduce that a pay cost that payroll costs by up to 25 percent right just see you that buffer yeah right right right so it's a yeah so it's and you've got up and you can you can reduce salaries up to that 25 percent point completely unnecessary add from me there guys question here if my company paid out

 contractor job similar to employees and do we count their contract payments like payroll expenses died my initial thought here was that yes they fall under the payroll costs however I've I've received a couple of messages from people who disagree with me so it's safe to say that we need some clarification on this one so we will and we will follow up with that and I will just point out that we have had a ton of questions I think we're gonna go another five minutes just going through this and we've had a few

 people drop off the webinar already obviously where we're up to the hour point now and anyone that we don't get to of course we will come back to an email but I will um we'll keep plugging away for the next the next five minutes JT I need to complete this application and take it to my local bank question mark that's exactly right your bank provided they are an SBA approved lender and they will be the ones processing this loan so you need to apply through them they may ask for any other additional documentation to

 support the application things like nine forty ones or proof of your financials that kind of support the the numbers that you're putting down so but yes you're going to go through to your bank Owen this is another question regarding I need to find my 2019 taxes first determine is my net income correct and I'm sorry it was correct question mark and as a sole prop so Owen as so prop does the 2019 taxes have to be filed in order to apply no no not necessarily I don't I haven't seen anything concrete

 rule say that it must be filed but because we're looking at that number from year 2019 the net profit it is it should be filed soon I'd say yeah so so Eric doesn't necessarily have to be filed but you do need to have your financials done for the year so you should be able to see on your income statement and the net income line and for the full yeah you definitely need to have that and completed and we are some pretty this loan three okay you there are some visions in that form that application for we went to where you'll

 need to attest that you your filings will be accurate JT asks are there other loans included in this relief law that can also be forgiven or not take a quick stab and you can fill any other any other bits of information there's only one thing I can think of that that can be forgiven and that is the emergency loan portion of the economic injury disaster loan which is during the application process if you request it you can be eligible for up to $10,000 as an emergency and almost forwarding of the loan and irrespective

 of whether or not you receive or don't receive that economic injury disaster loan that 10k up to 10k is forgivable or it is forgiven you don't have to pay it back because that right forgiving you what I need to pay back at all I'm just something to add on that is it if you have received that emergency and disaster loan let's say let's call it ten thousand up to ten thousand and you also then get a PPP loan to cover your payroll and let's say the two of them are doing different things in it's

 absolutely fine you've got both oh and I think I'm right in saying that that ten thousand that is the forgivable part of the Eid alone that is that comes off the amount that's forgiven in your PPP loan is that right that is if you refinance it right so if you had that if you had like you took out a twenty thousand dollar loan from the idle and then ten thousand of that was given to you in advance that $10,000 emergency grant you have you only have ten thousand dollars on that balance and you convert that

 into the PPP so just be the $10,000 I would be illegible that previous $10,000 that you got as the grand you wouldn't be forgiven because it's already been forgiven essentially yep got it but you're gonna bail I'm very sorry what okay here's something from Jessica and what things are included in payroll calculations other than payroll let me just wind back here in the in the document so funding is meant to help retain workers maintained payroll government cover rent mortgage utility expenses but there are things so here

 you can see here so everything from payroll to commission payments group health care payments there's other things let me just hop out of this presentation earlier I was always sent this very helpful um summary earlier from a partner of ours and included in the payroll calculation as you can see here so they'll just run through these payroll costs including payment of cash tips or equivalent cost relates to the group healthcare benefits allowance for dismissal or separation payment retirement benefit the payment

 of retirement benefits employee salaries commissions or silicone summer compensation payment of state or local tax assess and the compensation of employees the sum of payment of any compensation to way or income of a sole proprietor of independent contractor there is a wage Commission income net earnings from self-employment that is less than a hundred thousand in one year so you can see that independent contractors are included as part of that just there and thanks Jessica and then we'll take one more question and there's

 a CPA need to review my form before I send it in Owen a do not great that was pretty simple everyone thank you that all the people are still in the course thank you very much for joining and I appreciate this is a bit of a sort of a bit of a scrappy presentation that we have put together as quickly as possible to make sure that we get this information out there there's a lot of stuff that no one really knows the concrete answers to yet this we're still waiting a lot of guidance from the SVA and I would

 certainly reiterate that a good step is to contact your your typical bank and just ensure that they are a lender under this program and have a look at that form get it from the Treasury website and just get everything you need and together in order to to apply and obviously if you have any requirements to get your financial as in order as part of this or you're worried about keeping your records and span so you can get the forgiveness of this loan guaranteed then definitely give us a call we'd be delighted to talk to you a

 little bit more about this and obviously everyone whose questions didn't get answered I will and I will certainly make sure that we respond via email but thanks very much for joining an Owen thank you very much for all of your expert opinion right later take care everyone all righty thank you you