1. Can I Rehire Employees with PPP Funds? | What You Need to Know - YouTube

<https://www.youtube.com/watch?v=XZD3pkfvgy8>

Transcript:

hi everyone Oscar from bench accounting and in this video we're gonna be talking about the rules around rehiring employees for the Paycheck protection program just to recap if you've got your PPP loan or you're applying for your PPP loan and you want to have it fully forgiven and turn into a non-taxable grant one of the key criteria as well as kind of spending on all the right things like payroll costs mortgage interest expenses etc one of the key criteria is that you need to maintain your level of

headcounts - the same as what it was pre covered and now in your application process on the form you put down your your your number of employees on payroll and this number needs to be the same and in order to qualify for full forgiveness now there are a couple of kind of caveat status or exceptions and theirs have been a bit of guidance that's kind of come out over the last couple of weeks so I'm gonna cover a few fa Q's around rehiring employees that you may have had to let go in the last few weeks now you

can still qualify for forgiveness now to quickly reiterate what was kind of said in the application part of this of this process and then was put in the cares Act is that if you've had to layoff employees already you can rehire them and still have this loan fully forgiven now that's been kind of clear since the outset what isn't clears around what kind of happens if you've tried to get some of them some of them to come back and you've been unsuccessful now in theory if you if you go through the PPP

process and you go through those eight weeks and you have fewer employees on payroll you had last year the reduction or the amount of the loan that can be forgiven is reduced in proportion to your reduction in the headcount so if you had 10 employees and now even though you're eight your PPP loan the amount that can be forgiven will be reduced by twenty percent as it's a 20% reduction in headcount the exception to this is if you can prove that you try to get employees to come back and they rejected your offer

in that case your PPP forgiveness will not be affected so to kind of give it a kind of give an example what you you to do is have it have proof of a letter offer of reemployment so as part of that it needs to be the same hours the same salary and wages and it should be in writing so it should be either be a letter or an email and you need to also have proof of that the rejection of that offer so you need to have a reply to that email saying no thanks or something like that that you can show to your lender to show that you tried to

get this employee to come back but they that they didn't want to now if an employee if the reason they didn't want to come back is that they're on unemployment benefits and they're collecting more on unemployment than they would be if they were being paid by PPP funds it's worth probably pointing out to them that their ability to collect unemployment may be affected by rejecting your offer to have them back on payroll now most employee in most unemployment benefits programs are kind of tied to

regular check-ins and if as part of that check-in process it's kind of uncovered that somebody rejected a suitable job offer that that person's ability to collect unemployment is may well be affected and that's laid out by the Treasury as well when they were kind of giving this update now next question is my business uses contractors can I hire them bonds a payroll and pay them with PPP funds and and here the answer's no the SBA has been pretty clear through this process or certainly since they

released further guidance that's the PPP funds are only to be used for kind of w2 employees now independent contractors as you know can actually apply it apply for the PPP separately and when you're calculating average payroll cost for the PPP to actually apply for the loan you don't factor in payments to contractors and so PPP funds shouldn't be used shouldn't be used to pay them however one thing that's kind of worth saying is that if you're trying to put employees on payroll place others that were there

they don't necessarily have to be the same employees this is a question that comes up a lot like what if I had to let somebody go and they found if a job well the kind of guidance here from the SBA is they don't necessarily have to be the same people as long as you kind of got somebody in and to maintain that level of headcount you should be okay can I use the PPP funds to give my employees bonuses now this has come up a fair bit from from clients here at bench that maybe want to give employees and reward them by paying

them hazard pay things like that so you're actually increasing their salary during these kind of difficult times now it's kind of worth noting that in terms of PPP funds they shouldn't be used to kind of pay for those additional those add ons to salary that above where salary levels were last year you have to remember that PPP is designed is almost like a salary replacement scheme and you know if it if it gives you the chance to kind of pay bonuses because you've freed up a little bit of extra cash because

you're using the PPP to pay to pay salaries then great go right ahead but in terms of PPP forgiveness you should just be using it to pay the same salaries as you put down on your application form and when into your average monthly payroll costs calculations last question is my PPP funds have run out can I then furlough employees or lay them off again and have them go back onto unemployment and the answer here is yes now if you get to the end of the eight-week period of the loan you used up all the proceeds and the

economic climate is still incredibly uncertain you don't have you don't have budget we don't the roles for employees to do you can absolutely lay them off if you have to at that time and they can go back onto unemployment benefits that's absolutely fine so just to recap that saw the the kind of the rules around rehiring employees this does all come from a blog article on this very subject so do have a look at that it's on WWE Bench CEO /blog and we've also put together a PPP forgiveness checklist

which you should be able to download from just from the description of the video below which gives you kind of a guide on all the things you can spend your money on and still qualify for PPP forgiveness and do have a look at that but thank you very much for watching this