1. The Easiest Way to Get Your PPP Loan Forgiven | PPP, Payroll, and Loan Forgiveness - YouTube

<https://www.youtube.com/watch?v=5rsPHIlHYAA>

Transcript:

hi there my name is Brendan and I'm a member of the client relief team here at bench bookkeeping our team is currently working our way through every bit of government documentation news article and piece of information around federal relief funds they're available to small businesses to try and take all that information in all of its nuance and make it more easily digestible now one of the topics we've seen quite a bit of confusion and buzz around is this paycheck protection program loan and in particular the aspect of forgiveness

around it to review the Paycheck protection program are loans that are available through SBA backed lenders and they have that enticing promise that if you use the loan amount for certain outlined expenses in eight-week period following when the loan is disbursed which is just when I hits your bank account you no longer need to pay the balance you have no fees and you have no interest to worry about this effectively turns that loan amount into a tax-free grant which is incredible for your business however you're not guaranteed

forgiveness for the entirety of the loan there's going to be an application process where they evaluate how much you abided by the rules that were outlined in the application so let's take a look at some of those rules now to make sure that you understand them fully and you're operating within them to be eligible for the maximum amount of forgiveness on the loan the first rule that you should be aware of is the 7525 rule which states that you should spend at least 75% of the amount on payroll expenses with the remaining 25% used on

expenses such as rent lease utilities or the interest portion of a mortgage payment now this seems very straightforward but as always with legal language the devil is in the details and you should be aware of the details to ensure that you are operating within them first let's go over what exactly a payroll expense entails so you know what expenses you're eligible on we might think of payroll expense traditionally as just the salary and wages that we pay our employees but it goes beyond that because you're also eligible for

forgiveness on various types of paid leave this includes families sick and vacation and you're also eligible for forgiveness on group benefits this is gonna be anything that includes like health insurance programs dental insurance or pension contributions on the behalf of your employees these are all considered payroll expenses however I would like to clarify that independent contractors are not considered a payroll expense for the purpose of the PPP the only eligible expenses should pertain to employees that are full or part-time and

you are can federal unemployment tax payments on through IRS forms 941 or 944 now all eligible expenses should be run through your payroll provider and working with an easy and intuitive providers essential and understanding just how much you're spending on these payroll expenses for PPP forgiveness now you can take for instance our partner gussto we're currently working together with them to provide as much information on PPP forgiveness as possible and we're having a webinar together on May 14th

scheduled for 1:30 p.m. Pacific if you're watching this video after that date and time we're gonna link to a recording below in the description so now that we understand what a payroll expenses let's go into some of the more nuanced conditions that you should be aware of the first rule that you need to know is the maintenance of headcount because they want to ensure that you're not just spending as much wages as you have in the past but that you're actually doing it across the same amount

of employees and that eight-week period following the disbursement they're gonna look at the headcount in that and compare it to another previous period if you're a seasonal business they're gonna evaluate you on February 15th to June 30th 2019 as that is a comparable period for your business and what we're going through now however if you're not a seasonal business they're gonna evaluate you on January 1st to February 29th 2020 to understand this I'm gonna use some numbers here if in that eight-week

period you're currently running eight employees however from January 1st to February 29th of this year you were running ten employees your head count as effectively dropped 20% your eligibility for forgivness is gonna drop by that same proportion which is gonna be a 20% drop in your eligibility for forgiveness so if your loan amount was $10,000 you're now only eligible for forgiveness on 8,000 dollars of that amount other rule that you need to be aware of is pertaining to average wages because they're gonna be evaluating this on an

employee by employee basis which once again brings a lot of value from the more intricate reports that you have available through a payroll provider and the detailed information that you can get from a provider like gussto so since they're looking at each individual employee you're gonna have to be maintaining the wages across each individual employee and you have to be paying at least 75% of their average wages from that same period from the headcount I mentioned so let's take for example if an employee earned $4,000 on average in

a month in q1 2020 across this eight weeks you're gonna have to pay them around $6,000 which is 75% of that amount you have to be meeting that 75% to be ain't eligibility for forgiveness on the entirety of the loan amount anything that drops below that 75% you're gonna be impacted in that forgiveness by that same amount so for that employee if in the first month as I mentioned before you had to be paying them at least $3,000 in a month if you paid them 2,000 your eligibility for forgiveness is gonna drop by 1,000 this

requires a much more in-depth look at your payroll reports to understand beyond a cursory overview because you need to understand your payroll on an employee by employee basis now this is where a strong payroll provider like gussto provides its value but they've even gone above and beyond by offering a paycheck protection program forgiveness report this breaks down all this information into an incredibly simple package the first page that you can download through gussto is going to have all of this information summarized

and show your reduction amount based on with the information that has available to you as mentioned a link will be below in the description if you want to try gussto for free for 3 months but for now let's just review what this document actually provides you so the first thing I want to mention is that you should run this report every single time you run payroll so it is working off the most up-to-date information and working off with the most up-to-date information in particular in that 8 weeks period this

is gonna update all of the information and it's running off of update the numbers and provide you with the most up-to-date reduction and your forgiveness such that you can actually correct it in the following weeks all the complicated calculations that I went over before have now been simplified into this package so you get all that information the first page but of course having information and understanding it are two completely different things so Gus it was going to provide a breakdown to where those numbers came

from in the following pages with descriptions of the variables that they're looking at and how they pertain to the equation so you can actually correct your activity and make sure you're maintaining that maximum eligibility for forgiveness one of the most important pages is a breakdown on a per employee basis so you know what that average wage amount you're being evaluated on is as well as how close you aren't maintaining it in that eight-week period do you've likely already entered one headache from applying to the PPP

because they were asking for that average monthly payroll expense number and not everybody knew exactly how to calculate it a lot of payroll providers stepped up and offered one of these packages for the application itself they gave you that number based off of your historical data now Augusta was doing that again in applying for PPP forgiveness which is guaranteed to be another etic in itself in simplifying this and taking all this complex information just giving you an answer at the end of it all now one of the biggest

takeaways I've had from my experience in working with the client relief team is the value of clear reporting not just for unexpected events but to understand the aspects of your business completely if not for preparedness it's worth getting you set up on a strong payroll provider for future facing decision making so you're keeping yourself informed in another complicated aspect of your business but in a very simplified way once again bench and Gus are here to help in tandem to provide the full picture of forgiveness gus was

going to provide you information on that seventy-five percent that's payroll expenses and we're here to provide you with information on the rest on that remaining 25 percent we're going to be here to help you identify forgivable expenses as well as the documentation that you will require once it comes to the time to actually apply and once again we're going to be reviewing a lot of this information on our webinar which is occurring on May 14th scheduled for 1:30 p.m. Pacific so working with these

services together you are gonna get the full picture of your business and it's gonna take you from understanding your business from a net profit number to understanding it in all of its nuances what expenses are you spending your money on where can you save money on payroll where can you improve your experiences and other aspects of your business and it's not just an opportunity to master PPP forgiveness but it's an opportunity to master your business as a whole especially pertaining to that financial aspects we hope to be there

for that journey moving forward but for now we're here to help you with PPP and forgiveness so we hope to hear from you and work with you thank you