1. Reopening of the Paycheck Protection Program - YouTube

<https://www.youtube.com/watch?v=dgUXBeyQ9cQ>

Transcript:

 okay hello everybody and welcome to uh bench accounting's first ever live stream uh my name is bet and i am a client relief specialist here at bench accounting uh and today we're going to be discussing all about the reopening of the paycheck protection program and some specific details about how first time and second time borrowers are going to apply for this program before we dive into the actual presentation i just want to go over a few administration administrative details for you guys so that a reminder that all this

 information presented in today's webinar is subject to change so the information we present is our best interpretation of the quickly evolving um financial relief landscape and we do update um our resources as we learn more i really encourage you to find us on facebook we have a page called ppp and financial relief hub powered by bench where you can ask your questions there and then someone like myself can answer it for you awesome okay this screen here is just to show you guys what the current funding landscape is looking right

 looking like right now so on the left-hand side here is the government funding which is kind of uh what we usually focus here on at bench so right now applications for the eidl are open and the eidl grant has returned however it appears that applications for that grant are not open at this time unfortunately ppp forgiveness applications are also open for most borrowers uh finally pvp applications for first for both first time and second time applicants are now open and this of course is going to be our focus for

 today over here on the right hand side i just want to remind you guys that private funding options do exist of course this isn't typically our focus um but also if you'd like us to um ask some cursory questions about any options that you're interested please go ahead and do that as well awesome next i want to do a quick review of what is the ppp just to make sure that we're all on the same page here on what this program is all about so the paycheck protection program is a loan program that originated from the

 coronavirus aid relief and economic security so most of you probably noticed as the cares act that was introduced away at the beginning of the coronavirus pandemic so the purpose of the pvp is to help support small businesses through the cobin 19 pandemic and protect paychecks all at the same time pvp loans are packed are backed by the small business administration but are actually distributed through participating ppp lenders and that's who you actually need to apply with if used properly the ppp can be 100

 forgiven um as a reminder this forgiveness is not automatic alternatively you actually have to submit a ppp forgiveness application through your specific pp lender to get that loan for git in the event that you do not get this loan for given or it's only partially forgiven uh you have you'll have to pay it back at one percent interest back again to that same ppp lender by either two or five years depending on what your loan agreement says awesome so next i want to go over some eligibility requirements so this is specifically for those who

 are looking to apply for their very first ppp loan so if you missed out on the pvp funding the first time around you will now get a chance to apply the eligibility requirements to receive your first ppp loan have remained the same since funding was last open and most small businesses with less than 500 employees will be able to apply just a couple notes here that unfortunately it appears that businesses will still not be eligible for the ppp if they're either a corporation that doesn't run any sort of payroll

 at all or a sole proprietor or partnership that has a negative net profit additionally we've also seen that most passive income companies are unfortunately not eligible for this program as well now let's talk a little bit about how you are going to apply uh if you are a first-time applicant so for first time ppp borrowers we recommend trying to apply through a lender you have an existing relationship with a fintech lender and a local bank applying through multiple lenders will likely increase your chance of receiving

 funding if you are a corporation you'll be applying for the ppp using payroll reports and payroll tax forms such as irs form 941 alternatively if you are a sole proprietor partnership or independent contractor you'll actually be using either your schedule c schedule k1 or 1099 misc forms respectively to apply the maximum ppp amount that most borrowers can receive is two and a half times your average monthly payroll or again average monthly self-employment earnings um just a quick note there the reason why i'm saying most borrowers

 is actually because those in the food and accommodation business are going to be able to receive up to three and a half times those amount this round um also a really important note here for this new round of funding uh the new guidance has told us that you are now able to apply with either 2019 or 2020 numbers it appears that this option is going to be up to your discretion uh whatever works best for you awesome now so that was all about first-time applicants now i want to talk a little bit about eligibility for those

 who are applying for their second ppp loan so to receive a second ppp loan you will need to have less than 300 employees so they've lowered that a little bit and you must be able to prove at least a 25 drop in gross receipts from a quarter in 2019 to that same quarter in 2020 let's make that super super clear uh if you're comparing quarter three in 2019 you also have to select quarter three in 2020 to make that comparison um so borrowers were applying for a loan that's going to be greater than 150 000

 you're going to provide that documentation and prove this 25 drop on your actual application so you will need to provide be prepared to provide that documentation up front however if you're actually applying for a loan that's less than 150 000 uh we have learned from the sba that you may be able you may be required to supply those numbers however you shouldn't have to supply that documentation right away um instead you will have to supply supporting documents either at the time of your forgiveness application

 but perhaps sooner than that again a couple important notes here uh you will need to have spent the entirety of your first ppp loan or uh you're going to be spending that before you were able to receive your second ppp loan another one here is that you are not required to actually have applied for forgiveness for your first ppp loan before you receive that second pd loan which can be a lot of helpful for some of you that are still tied up in that forgiveness process awesome so we have a lot of people asking us what is gross receipts mean

 so of course the best source here is to look exactly what the sba defines us as so from the sba receipts means all revenue in whatever form received or accrued from whatever source including from the sales of products or services interest dividends rents royalties fees or commissions reduced by returns and allowances and where exactly you can find these numbers uh is two different spaces so if you're going to look at uh it more annually which should be an option on your application uh instead of looking quarterly you can

 look at two comparative annual years so 2019 2020 to see if you have an overall 25 reduction in gross receipts that should be able uh to be sufficient to to show that qualification so you can use your tax return to do that um however if you'd elect to use the quarterly method then you will use um income statements um to show that reduction this is something that we're able to provide our clients with uh next let's talk a little bit about the actual documentation it that is needed to prove that 25 reduction in gross receipts

 so again if you're doing the annual method uh if you're comparing grocery sheets in 2020 versus 2019 to show that 25 uh reduction you can use your tax tax return as documentation um this tax return does not need to be filed but it will need to be complete and accurate again if you're using that gross uh quarterly uh option instead um comparing a 20 20 quarter versus a 2019 quarter you will need to provide financial statements for those quarters an income statement should be sufficient which is also well known as a profit and

 loss again as this is a pretty important note if the ppp is less than 150 000 you will not need to supply this documentation upfront but you do need to have it prepared for later on awesome now let's touch briefly on giving you some direction on how to apply if you're applying for that again second uh ppp loan so just as you applied for your first ppp loan you will be applying through one of those participating ppp lenders so not the sba again the specific lender for your second ppp loan we highly recommend that you apply

 uh for the program um through the same ppp lender you received your first phone from um the reason for this being this may allow you to have a faster smoother pvp application process because they have a lot of your information on file already again for this second round again most businesses the maximum you will be able to receive is going to be two and a half times your average monthly payroll or average monthly self-employment earnings um again if you are in the food and accommodation uh business instead this is going to be

 three and a half times instead um also for the second time uh ppp loan you will also be able to use either 2019 or 2020 numbers and that's going to be up to your discretion um so we actually do if you're looking for more of a step to step guide on how to fill out this application we do have a really great bench blog article that goes through this so i would recommend checking that out and that website there is just bench dot co slash blog awesome so of course the biggest question we always get is can i apply

 for the pvp now and the answer is finally yes so the sba is now accepting applicants from all vendors uh there's a quick note on this even though the sba has opened up his application it does not necessarily mean that all vendors have opened up their online portals we do recommend that you you try to apply as soon as you can uh to again increase your chances of receiving funding in a previous round we did see funding run out fairly quickly um we're not sure what how fast it's going gonna go this time but again just to play it safe

 it's good to uh submit that application as soon as you can uh now that we've kind of gone over um some specif specifications on how you're going to apply when i discuss some of the rules that have changed recently of the actual program itself and these are for both first pvps and second pvps so um kind of already touched that you're able to use 2019 or 2020 numbers a couple times and another big one is that eligible pvp expenses uh will be expanded so originally it was just payroll rent utilities and mortgage interest

 that you were able to use your pp funding on but now there's this new list of additional expenses so first is operations expenditures so that's software cloud computing or other human resources and accounting needs and this includes a service like bench second here is property damage costs so specifically these are related to public disturbances in 2020 that were not covered by insurance or other compensation thirdly here is supplier costs so purchase orders or orders of goods made prior to receiving a ppp loan

 essential to your operations will be eligible and finally is worker protection expenditures so personal protection equipment or property improvements to remain cobia compliant from the date of march 1st 2020 onwards will also be an eligible use some more changes here is that we're seeing a changes in how the covered period works so previously uh when the program first came out you were only able to use an eight-week period and then they changed that to a 24-week week period and now they're changes again

 um you can choose an eight-week period a 24-week period or actually anywhere in between and just a reminder of how the covered period works um you have to spend all of your ppp within that time period for it to be eligible to claim for forgiveness um another rule change change we've seen but not really we haven't received a ton of information on how this is being implemented yet however we do know eventually that some ppp borrowers will be able to apply to increase their first pvp loan amount uh from my understanding this is largely

 for those who missed out on some of their fundings they did not receive their full eligible amount they're going to be able to go back and apply for that additional amount another important one is that the eidl advance will no longer reduce your ppp forgiveness amount so previously when people were applying for pvp forgiveness they had to claim if they received an e-ideal advance and that would reduce their forgiveness potential and they would have to pay that back the sba has changed this both retroactively and going forward as well

 um next is that also there's been a simplified forgiveness form introduced for loans under 150 000 to make that process a little bit easier and finally ppp expenses are now tax deductible uh so this is of course a huge change for your tax return so whether or not your pvp has been forgiven or not all these expenses are now going to be eligible for you to claim tax deductions on now that we've kind of discussed everything that's changing i kind of want to give you guys a quick reminder of some of the basic ppp rules are going

 to that are gonna be staying the same um that are really good for you guys to be aware of so firstly sixty percent of the pvp will still need to be spent on payroll uh and the remainder on the now expanded list of eligible expenses that we discussed earlier and again all eligible expenses must either be paid for or incurred incurred pardon me during that covered period you also need to uphold full-time equivalent and salary requirements in order to receive forgiveness on your loan uh the one kind of caveat of this is

 that if you're uh if you have a loan that's under fifty thousand dollars and you're using ppp forgiveness form 3508 s um any reductions that you make uh for full-time equivalent employees or salaries uh will actually not have an impact on your forgiveness potential uh next if you uh if you do not receive forgiveness for your ppp loan um it is really good to remember that you will need to pay this back at one percent interest uh in either two or five years depending on what your loan agreement says uh and finally to be eligible your

 business still has to have been established before the date of february 15 2020 and also the um expenses that you use this program on also need to have been in place before that date awesome so that kind of ends our formal presentation today for you guys um however i just want to touch quickly on our lending partner blue vine so our partner blue vine is ready to support your business with funding through the paycheck protection program bluevine has an a plus rating on the bes better business bureau and has delivered over nine billion in

 funds for this program uh with blue vine businesses can apply online and see if they qualify in literally minutes bluevine provides a fast online application for the ppp for both first-time applicants and second draw applicants even if you've previously received a pvp loan elsewhere if you are a second time pvp borrower we still recommend that you apply through the same lender that serviced your first ppp loan however making an additional application through a lender such as bluevine is also a really good idea again just to maximize your chances

 of receiving funding and just a really quick update here uh under get started um bluevine is now actively accepting these applications for both first and second time ppp borrowers uh and we've actually included a link directly to the uh bluevine website if you guys would like to start your application today next um can't forget about ppp forgiveness so i know that some of you may have already received one loan and are looking for uh some information on this forgiveness process so just a quick update for you guys uh

 these applications are still taking place right now so it appears that most ppp lenders will actually be processing these forgiveness applications um while these new ppp origination applications are happening all at once so a reminder there actually is currently no deadline to apply for pvp forgiveness however we do highly recommend that you apply for forgiveness within 10 months of your pvp covered period ending in order to avoid making any unnecessary interest or principal payments um to give you some more context here

 all interest and principal payments for the pp loan are essentially put on pause for 10 months after your covered period ends and then of course when the 10 months are over those payments will start to be due so if you apply within that window once that application is submitted those payments will be paused again and then once you receive your sba decision um either they will decide you owe some of the low and back or not and just a quick reminder here it appears that you do not need to apply for pvp forgiveness

 for your first ppg loan before you were eligible for that second one so you can again apply for that second loan before you receive forgiveness on your first awesome all right so just before i wrap this up i kind of want to give you guys a quick note about how bench is here to help so this is a reminder that having complete and accurate bookkeeping is essential for the ppp program as well as many other financial relief programs specifically a bench we don't just do bookkeeping we also have what we call the client research

 team so that's actually the team that i am on and we are dedicated to helping our client clients navigate their financial relief options and provide you education that will help you make a successful relief application um these uh clients also gain access to uh webinars videos and portals uh that will help you guide guide yourself through this time um if this interests you and you're interested in becoming a bench client or if you would like to start a free trial um i highly encourage you to visit us at bench.com