1. PPP Loans Round 2.0 | Simple Walkthrough for First and Second Time Borrowers - YouTube

<https://www.youtube.com/watch?v=Bl0CQ9qQv-4>

Transcript:

 hi everyone my name is oscar from bench accounting and it's 2021 and the paycheck protection program is back so over the holiday period congress signed the covid relief bill which contained a huge amount of funding for a second round of the paycheck protection program or the ppp the main highlight of this second round is that it is available not only to people who have never had a ppp loan before but even if you've had a ppp loan you can apply for a second one providing you satisfy a few criteria now if you've watched a

 few of these videos as ever i'm getting all the information um that i'm talking about is from the bench blog and from the relevant article on the blog so do check it out it's a bench dot co forward slash blog there's tons of information there on the eidl on the ppp on how to apply for forgiveness the whole lot and we'll link any relevant articles in the description below this video now just to kind of recap what the ppp is all about it was introduced last year as a result of cover 19 to help

 small businesses who've been negatively affected cover things like their payroll costs so keep employees in their jobs and also any some other eligible expenses that were included at the time like rent mortgage interest and utilities now the big thing about the loan is that it's fully forgivable and this remains the same with this iteration of the ppp so provided that you use the funds in the right way and you use it to cover payroll and those other eligible expenses you can have the whole thing written off you don't have to pay it

 back that gets forgiven gets turned into a tax-free grant you can kind of think of it that way and that all remains the same the other details of the loan also remain the same so it's a one percent loan so it's very low interest anyway and the duration is five years that you have to pay back so if it's not forgiven you have five years to pay it back now a quick reminder on the eligibility for the ppp loan so this again remains the same if you're applying for it for the first time around all types of small businesses are

 eligible to apply so sole props self-employed independent contractors partnerships escort c-corps can all apply you just need to have fewer than 500 employees in order to apply for a first-time ppp loan and you needed to have been in business and in operation prior to february the 15th 2020 and you need to be still open and operational now so you kind of close down ceased operations and apply for ppp funding if you are applying or if you want to apply for a second time ppp loan these are the criteria you need to satisfy in order to

 be eligible first up and kind of maybe obvious you needed to have had a ppp loan already and used up all the funding you need to be still open and operational you need to have fewer than 300 employees now remember that the if you're a first-time applicant it's fewer than 500 employees so note that it's slightly smaller you need to have fewer than 300 employees and most importantly you need to be able to demonstrate that you suffered at least a 25 reduction in gross revenue from sort of a year-on-year reduction in

 gross revenue as a result of the pandemic so you do this by taking your 2020 tax return and comparing that to your 2019 tax return in terms of your gross revenue so if you can show a 25 reduction that way the other way that is accepted by the sba is by taking a quarter of 2020 and comparing gross revenue in that quarter with the same quarter in 2019 and again if you can show that you've experienced a reduction of 25 or more quarter on quarter well sorry in in the same quarter of both years then you can be eligible to apply for a

 second round of ppp now in terms of of how to apply and who's issuing the loans that again all remains the same so this program is backed by the sba but the loans are issued by your sort of traditional lenders so high street banks local credit unions and kind of smaller banks as well as um online and kind of startup banks so names like paypal square capital folks like those were all issuing first-time ppp loans blue vine lendia or a couple of companies that we work with here at bench and so that the main thing to do is just

 to check with your lender as they've all got slightly different application processes they may open at different times we're expecting lenders to be accepting applications from january the 11th but again that's going to vary lender on lender so check with your lender and what that process is and when they're starting to accept applications you have until march the 31st to apply um for this round of ppp funding if you cast your mind back to 2020 in the first wave of ppp you remember those funds dried up in just a few days so we

 don't know what's going to happen once once banks and lenders start accepting applications and once people start getting loans but what we're advising everyone is that if you want to apply do so early and try and get all your information all your records together and your application form sorted early on rather than waiting until kind of mid-march to apply the next thing i wanted to talk about is how to figure out and just a reminder of how to figure out how much you can apply for um again this is this is all to do with

 your average monthly payroll cost so the headline is that you can apply for two and a half times your average monthly payroll costs and so in order to figure that out you take your total payroll cost of the year and that can be for either 2020 2019 or it can be for the 12 months prior to when you're when you're applying for the loan you take your total payroll costs divide by 12 multiply by 2.

 5 and that's the amount that you can apply for now remember that it is capped at a hundred thousand dollars um of payroll cost per employee now factor that into your into your calculations if you're self-employed or you're an independent contractor or you're a sole proprietor it's slightly different so for you guys you're taking your net income as reported on line 31 of your schedule c you're taking your net income for the year dividing that by 12 and again multiplying by 2.

 5 again bearing in mind it's capped at a hundred thousand dollars partnerships are eligible to apply for two and a half times their average monthly distributions now your calculation is slightly different and if you want an explanation for this or a further breakdown again we have an article on our blog all about partnerships and the ppp for you take your total distributions for the year as reported on your k1 there's one extra step you multiply that by 0.

 9235 and then you take that number divided by 12 multiply by 2.5 and you get to your figure and then finally seasonal businesses this kind of process remains the same for you guys you can take a 12 week period rather than 12 months and you can choose any 12 week period between february 15 2019 and february the 15th 2020 in order to calculate what your average monthly payroll costs are now in order to determine whether or not you're you're a seasonal business and whether you qualify again have a look at the article on the

 second round of ppp on our blog as it gives you the criteria you need to satisfy in order to be a seasonal business one thing has changed in regards to um to how much businesses can apply for and this is specifically related to food businesses and accommodation businesses so if your next code starts with seven two you can apply for three and a half times your average monthly expenses now this is updated as a result the second round of the ppp um so instead of two and a half times if you're a food business or an

 accommodation business you can apply for three and a half times your average monthly expenses now the next thing that i wanted to talk about was um what uh expenses are forgivable uh under the the second iteration the ppp is you remember the first time around you could spend your money on your payroll costs but also rent utilities and mortgage interest this has been expanded um as a result of the new covered relief bill to include some other things so you can now spend your ppp funds on on all those same things but you can also include

 things i'm checking my notes out here you can also include things like operations expenditure so things like software costs cloud computing accounting cost hr costs so even your bench subscription we're very pleased to say is a forgivable expense property damage is another one so if you suffered any property damage as a result of any public unrest during 2020 and it wasn't covered by insurance any money that you spent repairing your property is a forgivable expense supplier costs are included so if you're

 fulfilling any um any orders or your so you're paying the invoices for any orders that you put in prior to receiving your ppp funds and they're for goods that are essential to the running of your business um those costs are forgivable under the ppp and then the last one is worker protection so any any protective equipment personal protective equipment you bought for employees in order to stay over compliance things like masks protective screens that sort of thing those are all forgivable expenses as well

 under the new expansion um with the second round of ppp now the other thing i wanted to say is this applies to all ppp loans so if even if you took out a loan prior to august the 8th of 2020 if you can locate those sorts of expenses i just mentioned those are all um forgivable with this new update now the last thing i wanted to talk about in this video is for folks that applied for a ppp loan were were given a certain amount but maybe didn't take the full amount of their loan the sba has issued guidance that you can now

 apply to receive the difference that you didn't get the first time around now the process is still a little bit unclear we're waiting on further guidance so again do do visit the blog to get the kind of latest and up-to-date information on this if it applies for you but let's say you were granted or you were eligible for twenty thousand dollars let's say the first time around but you only took fifteen thousand dollars under this new guidance you can be eligible to apply to receive that five thousand dollars that you

 didn't get so that's a that's a brief rundown of of the new round of the ppp as i said check with your lender for when they're opening their applications and when you can get going on this we're recommending that people apply as soon as they can and my last final plug of the blog do visit the blog bench dot co forward slash blog for um all the up-to-date information and for information that's relevant to your business type as well is is all going to be on there but that's it from me for now um do

 subscribe to our channel to get the latest up-to-date information on all this kind of stuff and i'll talk to you soon