1. Latest Updates On PPP Loan Forgiveness - YouTube

<https://www.youtube.com/watch?v=7fZ28IeHVFU>

Transcript:

hi everyone this is Oscar from bench accounting and in this video on the PPP we'll be talking about the recently released application form for forgiveness now this was released just over the weekend and it's it's kind of an interesting development on the whole PPP forgiveness front now it's gonna be a surprise to a lot of folks a lot of folks have been looking at the PPP and thinking that following the eight weeks of the loan you could maybe go to your lender with a copy of your payroll reports maybe 940s 94t ones are the

supporting documentation and basically just apply to have the whole thing forgiven or at least a large portion now in actual fact the process puts a lot more onus on the borrower so to really work out exactly how much they can have forgiven complete an application form accurately and take that along to their lender with any support and documentation as we just mentioned in order to qualify for forgiveness now this video is just going to be on e on the updates that we saw as a result of this application formal any changes to

any of the understanding we had around forgiveness however we do have a video in the works that will be guiding you through exactly how to complete the PPP forgiveness application form so do subscribe to the channel if you want to see that video and want to know when it's been released we do expect it to sort of cover a lot of the questions that folks are gonna have about particular lines of the forum or whether certain things should be covered in different in different boxes etc so do check out that video and as always I'm

going to be plugging our blog so everything from from this video is gonna be appearing on an article on our blog which is WWDC o /blog all of these updates gonna be in there were linked in the description below so do have a look at that okay then payroll is the first thing that's kind of cleared up in this in the application form and the PPP application so the forgiveness application form now a couple of things it says so if you run your payroll on a bi-weekly and so every other week or more frequent basis you can actually

choose to start the eight-week period of the loan from the first day of your first pay period following the disbursement so you don't necessarily have to start the eight weeks the loan on the day it was hit your bank account as as we expected as we thought before however you can choose to start it from the day of your first pay period if you're running payroll on a bi-weekly or more frequent schedule now another couple of things on payroll so eligible payroll now includes payroll that is incurred or paid during the forgiveness

period so what that kind of means to you is that payroll does not need to be adjusted to ensure that it falls within the eight weeks if a sort of pay or obligation is incurred during the weeks during that eight weeks then that counts it also appears to mean that back dated pay is eligible so if you haven't paid if you haven't met a payroll obligation and you choose to do it during those eight weeks looks like that counts towards forgiveness and is eligible and now also payroll must be at least 75% of

forgiveness and it scales proportionally so the more you spend on payroll the more it can be forgiven now we kind of knew that already about the 75% 25% rule may have to spend at least 75% of the funds on payroll but what this kind of implies is that the more you spend on payroll above that 75% the more of the loan is kind of can be forgiven just on the payroll basis so kind of not even think bearing not even taking into account all those other eligible expenses so if you spend everything on payroll that's also allowed the next

kind of main major topic that it's covered here is on full-time equivalents now this is due with your your employee headcount now again one of the criteria for full forgiveness is that you maintain the same level of headcount as kind of as periods before the pandemic for those of you with kind of see who are seasonal employers or use different levels of part-time employees it's important to know that the the SBA going to calculate full-time equivalents based on an aggregate hours and maybe using 40 hours per person so essentially what you

do to work out your headcount as you take the total number of hours worked by everyone and divide that by 40 which is going to be the number that the SBA is using and the resultant number is you can think of that as your headcount number so that's how the SBA going to doing the calculation to make sure your head count is the same using 40 hours previously we've been working off 30 as that was from some SBA guidance way back in 2010 however this is explicit update says that they're gonna be using a

40-hour workweek to calculate this now if you're a seasonal employer and you're calculating your FTE or so your full-time equivalent eligibility you can use a number of different periods to compare your Ft now to what it was before you can you use February 15th to June 30th to 2019 or January the first thousand 22 February the 29th 2020 or you can use any consecutive 12-week period between May 1 last year and September the 15th last year a couple of things again on head count we talked a little bit about if there's a reduction

in head count in previous videos it may not affect your forgiveness if you can show that it was a person that has been laid off and then they refused to come back to work they rejected your employer at your offer of employment and that's still the case but then on top of that your forgiveness will not be affected most important if an employee was fired for cause voluntarily resigned or voluntarily requested and received a reduction of hours and a position wasn't filled by a new employee so any one of

those examples doesn't affect your forgiveness as laid out in this and in this updates next topic a couple of updates is on mortgage interest business rent and lease agreements until it's expensive so there's other approved expenses for the PPP now these must be paid expenses they can't be it can't necessarily be incurred and not paid it have to have been paid expenses during that time and utilities has been kind of cleared up some works we were getting a lot of questions here about what counts

as a utility and what doesn't and the SBA clearly defined it as electricity gas water transportation telephone or Internet I'll run rose again so electricity gas water transportation telephone or Internet those are the things that are defined as utilities in this updates a couple more things to touch on one being the economic injury disaster loan advanced services an advance on the Eid our loan of up to ten thousand dollars now anything that was received as part of that program will be deducted from the forgiveness amount so you can't get

double forgiveness on those two things and a couple of final points here so the first part is that if the SBA desert decides that a borrower was actually ineligible to apply for the PPP loan it can actually direct the lender to deny the forgiveness on that application so if you if you received a loan and you think you shouldn't have if you kind of look again at the criterion you think it was given to you a mistake definitely contact your lender because you don't want to find out at the end of the eight

weeks and that you're gonna be denied full forgiveness and then the last point is just to do with how how long you should handle and keep hold of any records and the SBA have said that borrowers must keep supporting documents for six years after the date the loan is forgiven or repaid in full now I assume that this is to do with any audits or yeah exactly any audits of any SBA loans and obviously you're gonna have want to keep hold of any of that documentation just in case the SBA comes knocking and

is questioning how much was forgiven or paid back or even borrowed in the first place so pretty hefty update there a lot of things were covered in that in that update from the SBA and in the application form itself if you want any more information on these topics do have a look at our blog when you cover it in more detail there and I'll put the link in the description below and as I said before do stay tuned we've got a video coming on how to actually fill out the application form and for PPP forgiveness

and we'll release that in the coming days so do subscribe to the channel but as ever thanks very much for watching