1. How to Calculate a 25 Percent Reduction in Gross Receipts for a Second PPP Loan - YouTube

<https://www.youtube.com/watch?v=BKC3-kGxAcc>

Transcript:

hello everyone my name is james i'm down here in the bottom right of your screen this is a short video that's going to show you how to calculate your 25 reduction in gross receipts uh for a quarter in 2020 compared to the same quarter in 2019 therefore this video is only relevant to you if you have completed your 2019 and 2020 books and if you are applying for a second ppp loan if you're applying for a first ppp loan this video is not for you fantastic first step we'll go to the income statement

now we're going to select the date so let's go to 2019. for this example i'm going to use q2 of course the same steps apply for any of the other quarters so let's go to q2 fantastic now i'm going to download these numbers uh into an excel document just makes it easier to see and we'll do the same for 2020 let's switch to 2020.

here we see income statement q2 2020 perfect download those as well and we'll open those up and we will get this so here we see q2 2019 q2 2020 the number that you are looking at that is important to us is this line here the total revenue line um this is the 2019 number this is your 2020 number uh a particular note you'll see the returns and allowances here is a negative number so which is fine uh this just means that this this gross receipts number is a culmination of all the income that you've received

during the quarter minus returns allowances discounts so all of those returns and allowances and discounts will be captured in this ledger here and this is the number that equals your gross receipts in 2020 we have a very similar thing with the returns and allowances we also have this grants received ledger and a ppp loan forgiveness ledger i'm going to talk about those right now actually so i've pulled all this information into a word document you can make the following calculations in the excel document of course as well if you wish

just to reiterate uh gross receipts in in according to the sba means all revenue in whatever form received or recruit from whatever source including from the sales of products or services interest dividends rents royalties fees or commissions reduced by returns and allowances which was which is what i was mentioning earlier so here we have for q2 2019 we have that 54 720 that's fantastic in q2 2020 we have this number here the 42 000 but a large sum of that is from this ppp loan forgiveness uh adjustment and this one thousand

dollar grant notice this clause here do not include any relief received in 2020 in your gross receipts in this case relief is referring to any grants forgiveness loans that you may have received that are related to the uh the covet 19 pandemic so we need to delete these from our gross receipts for q2 2020 otherwise our number will be artificially inflated so once we've subtracted these relief relief funding here from our total of forty two thousand we end up with twenty thousand three hundred two dollars and fifty cents

to find out if that is a 25 reduction we take the q2 2020 divide it by the q2 2019 and we get 0.37 this means that the in q2 2020 we've received only 37 percent of the revenue compared to q2 2019 meaning that this client experienced a 63 reduction in gross receipts for q2 2020 compared to q2 2019 making them eligible for a second ppp loan please note that if you do not subtract these numbers here the the loan for ppp loan forgiveness amount or the in this case the one thousand dollar e i e-i-d-l grant then you this quarter would make it look

like you were in eligible for a ppp loan so make sure you make sure you catch this and you can subtract this from your total of gross receipts for the q2 2020. fantastic last point i want to leave you with is when you apply for a second ppp loan you do not need to show proof that you've that you have indeed experienced the 25 reduction you only need to certify that you have so what once you have completed these steps you can uh in good faith certify that you have experienced 25 reduction in gross receipts for that quarter

and when you apply for forgiveness on that loan you will have to provide documentation for it and the excel documents that we just downloaded together uh backed up by bank statements for those quarters will be should be enough to prove that you did indeed experience that 25 reduction fantastic i hope this video was helpful and have a great day