



COMPREHENSIVE EMPLOYMENT SOLUTION

CES PPP Loan to Grant – Update May 13, 2020

I wish I had more (or any) real update on how to calculate forgiveness for a PPP loan, and I know many of you are going into week 4 of your 8 week time to calculate. Right now the “rationale and guidance is in the hands of politicians and Federal employees – SBA employees, with the key word employees. Who just aren’t familiar (that’s the nicest word I could think of) with what it takes to run a business and make payroll. At this point, I thought I would do a recap of a few posts made on various digests or to individual companies that might be helpful.

The SBA has said they will “review all loans over \$2,000,000 or other loans as appropriate.” – I bet Harvard is on the list..... 😊 There may be other companies reviewed by the SBA but with over 4 million loans with forgiveness to be funded by the SBA to the banks who lent the money to you, I just do not expect there to be a large number audited. Still advising to have a short statement written up on why you feel your company has an “economic uncertainty” to turn in with the rest of your documents – IF NEEDED – it isn’t required, so far.

You will need to take your documentation to the lender who funded your PPP loan. Here is what the Federal Register guidance is for your lender to follow:

c. Can lenders rely on borrower documentation for loan forgiveness?

Yes. The lender does not need to conduct any verification if the borrower submits documentation supporting its request for loan forgiveness and attests that it has accurately verified the payments for eligible costs. The Administrator will hold harmless any lender that relies on such borrower documents and attestation from a borrower. The Administrator, in consultation with the Secretary, has determined that lender reliance on a borrower’s required documents and attestation is necessary ...

Next up was new guidance on full time effective employee headcount at the end of your loan – Not that we had clear guidance when you applied for your loan – but here is what finally was issued on April 26th and May 3rd.

1. On April 26th, 2020 - For purposes of loan eligibility, the CARES Act defines the term employee to include “individuals employed on a full-time, part-time, or other basis.” A borrower must therefore calculate the total number of employees, including part-time employees, when determining their employee headcount for purposes of the eligibility threshold. For example, if a borrower has 200 full-time employees and 50 part-time employees each working 10 hours per week, the borrower has a total of 250 employees. By contrast, for purposes of loan forgiveness, the CARES Act uses the standard of “full-time equivalent employees” to determine the extent to which the loan forgiveness amount will be reduced in the event of workforce reductions.
2. May 3rd, 2020 PPP - if you laid off an employee but the employee declined to come back to work after you offered to re-hire them the SBA will allow you to exclude that employee from your forgiveness reduction calculations. To qualify you must have a written offer to rehire and documentation of the employee’s rejection of the offer. AND the employee MAY forfeit eligibility for continued Unemployment.

It appears to be a break regarding the number of employees you have working at the end of the loan. That's the good news.

What this guidance DOESN'T address is that you will still have to reach the full loan amount to convert into a total grant, and there is no guidance on what the reduction will be if you don't have the employees back at work at the end of the 8 week time line.

Lastly – that definition of "Utilities". What is clear - all agreements for all services, rent and loans must be in place before Feb 15, 2020 to count towards your 25% maximum of forgiveness. Feel comfortable saying Power bills, water bills, internet, phones (VOIP, landlines, cellphones) and interest on loans made before Feb 15, 2020, plus your interest accruing on your PPP loan. What I'm not comfortable with is vehicle gas, trash or disposal, vehicle loan interest or leases and any non-employee benefit insurance premiums. On April 20 the SBA issued guidance for sole proprietors and independent contractors where some of these expenses were listed as add-ons to calculate their PPP loan amount. Not at all confident any of these will move over to expenses by regular companies with employees for forgiveness. Some have not been listed at all, but do seem logical, at least to us. Apparently not to the SBA... So I'm hopeful, but not counting on it...

As always, I hope this helps and scouring the SBA and news feeds for all of us to stay on top of what the SBA issues - unfortunately no real updates since May 6th.

Be safe, stay well. WE GOT THIS!

Check our COVID-19 webpage for the newest guidance and FAQ's from the SBA and the Treasury Department.

CES CAN HELP YOU NAVIGATE AND OPTIMIZE THE 8 WEEK PPP CALCULATION TIME FRAME!

WHEN IT IS TIME TO ACT – THE TIME TO PREPARE IS PAST

TURN YOUR PPP \$200,000 LOAN INTO A \$200,000 GRANT

CES Support - maximize your forgiveness with crucial payroll processing and on-call support to provide lender accepted documentation and keep you in the know of what will maximize your possibilities of 100% loan forgiveness!

SHORT Term - 10 to 12 Weeks – NO Contract

CES will set up, enroll and process your payroll

CES SUPPORT FOR ONLY – 15 EE's – Weekly \$93

15 EE's – Bi-Weekly \$118

Managed and supported by CES Payroll team – powered by ADP Run payroll

After that time, we'll be happy to continue to support your payroll processing or help you return to your usual processing services.

Don't wait! Email us! Solutions@trustces.com or Call us (707) 395-0357

Click on www.trustces.com/PPPsupport to sign up today