

Paycheck Protection Program

Live Update and Q&A

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SPEAKER

Jake Carter, CPA
Shareholder, Whitefish
Jake.Carter@jccscca.com



Website for current articles and news updates:
www.jccscca.com



PPP Live Update and Q&A

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PPP Update



Recap of Availability

What's available right now?

- Paycheck Protection Program (PPP)
- Economic Injury Disaster Loan (EIDL)
- Employee Retention Credit
- Delay of Payment of Employer Payroll Taxes



Economic Injury Disaster Loan (EIDL)

- More businesses can qualify here than PPP – eligibility is broader
- Covered Period: January 1, 2020 through December 31, 2020
- “Emergency Grant” available up to \$10,000
- Providing paid sick leave for COVID reasons, maintain payroll, rent and mortgage obligations, certain purchases for COGS, and various other “obligations”.



Employee Retention Credit

- Fully refundable tax credit on 50% of qualified wages
- Wages paid from March 13, 2020 through December 31, 2020
- Limited to first \$10,000 of wages per employee (\$5,000 max credit per employee)
- Eligible Employers:
 - Operations must have been fully or partially suspended due to orders from a governmental authority that limits commerce, travel, or group meetings due to COVID-19, OR
 - Experienced a “significant” decline in gross receipts during the calendar quarter
- Credit is reconciled on Form 941
 - Reduce amount due with Form 941
 - Any excess is refunded to employer



Employee Retention Credit (Cont'd)

- Accelerated payers are allowed to reduce payment by entitled credit
- Request for advance of credit is available – IRS Form 7200
- NOT available to self-employed individuals
- NOT available to employers who receive PPP Loans
- CAN claim in conjunction with qualified leave wages under the FFCRA, but NOT for the same wages
- Special rules for employers with more than 100 full-time employees
- Special rules for not-for-profits (eligibility testing)



Delay of Payment of Payroll Tax

- Employer portion of the social security tax (6.2%)
- Wages paid from March 27, 2020 through December 31, 2020
- Deferred amount must get paid in two installments:
 - 50% must be paid by December 31, 2021
 - Remainder must be paid by December 31, 2022
- ALL employers qualify – regardless of size
- Self-employed individuals DO qualify (on wages they pay to employees)
- NOT available to employers on wages covered by PPP Loans



Paycheck Protection Program

Basic Rules

- 24 weeks to spend loan proceeds (originally 8 weeks)
 - But not beyond 12/31/2020
 - Can elect to keep original 8 week spending period
- At least 60% of loan proceeds must be used on payroll costs (originally 75%)
 - No more than 40% of loan proceeds may be spent on eligible non-pay costs (rent, interest, utilities, etc)
 - This is NOT a cliff – it was clarified that partial forgiveness is possible



Paycheck Protection Program

Basic Rules (Cont'd)

- New safe harbors to achieve full (more) forgiveness
 - 1) Inability to find qualified workers, and/or
 - 2) Unable to restore operations to 2/15/2020 levels due to COVID
 - Both use 12/31/2020 as the determination date
- Extension of loan repayment period
 - Now 5 years (was 2 years)
 - Only for loans approved AFTER 6/5/2020
 - 1% interest rate was retained



Paycheck Protection Program

Basic Rules (Cont'd)

- Extension of payment deferment period
 - The date that the SBA remits loan forgiveness to the bank
 - If borrower does not apply for forgiveness, it's 10 months after covered period
- PPP loan application deadline extended
 - Currently set to expire 8/8/2020
- Deferral of employer portion of social security is now available to businesses that received a PPP loan



Paycheck Protection Program

Filing for Forgiveness

- 2 Application Forms: Regular and EZ
- Original due date for applications: 10/31/2020*
 - *Updated due date for application: unknown (extension of time to use money will go beyond this due date for some businesses)
- Financial institutions should be accepting the forgiveness application published by the SBA for the 8-week covered period PPP loans if businesses are prepared to apply...



QUESTIONS?



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