

PPP LOAN

CALCULATING LOAN FORGIVENESS

PPP LOAN FORGIVENESS WEBINAR

Some Housekeeping Items:

- All participants have been placed on mute.
- All registrants will receive a follow up e-mail with a link to the recorded webinar and any training documentation.
- Stay updated and register for upcoming webinars on our COVID-19 INFO Center here: <https://ctrhcm.com/home/covid-19-information-center/>
- This training is intended for educational and informational purposes. We hope that you learn a lot but the information should not be construed as legal or tax advice.
- If you have any questions or want to request training, please e-mail training@ctrhcm.com

CARES ACT WEBINAR

Today's Presenters:



Bridget Escobar
President
CTR Payroll



Ned Conley, CPA
E.G. Conley, P.C.



Bob Lambert, CPA
E.G. Conley, P.C.

AGENDA

- PPP Loan Forgiveness Calculation Guidance
- Using iSolved to Calculate Loan Forgiveness
- Address FAQs submitted by our clients

SBA GUIDANCE TO-DATE

- Cares Act Enacted on March 27, 2020
- **SBA Interim Final Rule**: April 2, 2020
 - Clarified the definition of “Payroll Costs”
 - Added not more than 25% of the loan forgiveness amount may be attributable to non-payroll costs
- **SBA Affiliation Rule**: April 3, 2020
 - Overview of 4 Affiliation Rules
 - Provides exemptions to the Affiliation Rules for faith-based organizations
- **SBA Rule**: April 14, 2020
 - Provides eligibility and loan calculation rules for self-employed individuals
 - Provides further clarification regarding eligibility of shareholders of lenders and businesses that receive revenue from legal gaming
- **SBA Rule**: April 24, 2020
 - Further clarifications on eligible businesses-private equity firms, hospitals owned by governments
 - Rules regarding businesses in bankruptcy
 - Safe Harbor if money improperly obtained but paid back by May 7, 2020

SBA GUIDANCE TO-DATE



- SBA Interim Rule for Seasonal Employers- 4/28/2020
Added another calculation for seasonal employers to calculate their Eligible Payroll Costs for their PPP Loan for any consecutive 12-week period between May 1 and September 15, 2019
- SBA Interim Rule on Disbursements- 4/28/2020
- Paycheck Protection Program Loans FAQs- UPDATED FREQUENTLY

LOAN FORGIVENESS CALCULATOR



Navigate to Resource Library and then Select Paycheck Protection Loan Calculator

STEP 1: CALCULATE YOUR PAYROLL COSTS

Included

- Salary, wages, commission, tips
- Vacation, Parental, family, medical, or sick leave
- Severance Pay
- Group health care coverage
- Retirement benefits
- State and Local Employer Paid Taxes

Excluded

- FFCRA Emergency Sick Leave and FMLA Leave Wages
- Compensation of employees in excess of \$100K prorated for covered period
- Compensation for Non-US Residents
- ER Paid Federal Employment Taxes

STEP 1: CALCULATE PAYROLL COSTS

Important Note Regarding Cares Act Report

While originally designed to gather the data to apply for your PPP Loan, it can also be used to assist with the calculation of your loan forgiveness.

iSolved has tentatively scheduled a PPP Loan Forgiveness Calculation report for May 8, 2020



The screenshot shows a software interface for generating a report. At the top, there is a dark blue header bar with two buttons: "Generate Report" (with a bar chart icon) and "Go To My Reports Queue" (with a folder icon). Below the header is a yellow banner with the text: "retrieve reports, or exit this screen to perform other tasks. The report will be available in My".

The main content area has a title "CARES Paycheck Protection Program Report" in blue. Below the title is a paragraph of text: "Custom accumulators can be used in place of default values. Code CPPP_GRS replaces the default Total Gross Wages-all paid earnings which are not 1099 or 3rd party sick. Code CPPP_HRS replaces the default Hours Paid-all hours paid which are not 1099. Code CPPP_BEN replaces the default Employer Health Costs-all Medical Pre and Post-tax memos. Code CPPP_RET replaces the default Retirement Costs-all memos with a benefit type using the deferred compensation category."

Below the text is a section titled "Filtering" in blue. It contains two date input fields: "From Date:" with the value "5/1/2019" and "To Date:" with the value "6/30/2019". Each field has a small calendar icon to its right.

At the bottom, there is a text box containing the message: "This report is available to run at the client level. If the Legal Company is left blank the report will be run for ALL Companies."

STEP 1: CALCULATE PAYROLL COSTS



Employee Name	Total Gross Wages	COVID-19 Paid Sick	COVID-19 Paid FMLA	Gross less COVID Paid	Excess Pay	Total Eligible Pay	Employer State/Local Tax	Employer Health Cost	Employer Retirement	Total Payroll Cost
Abernathy, Joshua	15,291.65	0.00	0.00	15,291.65	0.00	15,291.65	0.00	0.00	159.90	15,451.55
Able, Jacob	10,097.04	0.00	0.00	10,097.04	0.00	10,097.04	0.00	220.00	0.00	10,317.04
Avery, Zachary	11,126.19	0.00	0.00	11,126.19	0.00	11,126.19	0.00	0.00	231.14	11,357.33
Banker, Frank	4,785.22	0.00	0.00	4,785.22	0.00	4,785.22	65.45	0.00	100.49	4,951.16
Black, Caleb	16,890.71	0.00	0.00	16,890.71	224.04	16,666.67	0.00	0.00	235.00	16,901.67
Bonner, Austin	17,982.34	0.00	0.00	17,982.34	1,254.89	16,727.45	0.00	220.00	373.45	17,320.90
Booher, Charlotte M	2,628.88	0.00	0.00	2,628.88	0.00	2,628.88	39.43	0.00	0.00	2,668.31
Boxer, Benjamin	7,420.95	0.00	0.00	7,420.95	0.00	7,420.95	2.83	0.00	155.84	7,579.62
Brisco, Nathan	6,807.49	0.00	0.00	6,807.49	0.00	6,807.49	3.95	220.00	408.46	7,439.90
Broglie, Courtney	25,787.51	0.00	0.00	25,787.51	9,100.20	16,687.31	0.00	0.00	1,528.98	18,216.29
Campbell, Sheri	4,491.32	0.00	0.00	4,491.32	0.00	4,491.32	67.38	0.00	94.31	4,653.01
Clinton, Bill	4,446.53	0.00	0.00	4,446.53	0.00	4,446.53	66.70	0.00	0.00	4,513.23
Cooper, Sheldon	11,216.49	0.00	0.00	11,216.49	0.00	11,216.49	0.00	0.00	234.15	11,450.64
Doe, Ethan	7,814.15	0.00	0.00	7,814.15	0.00	7,814.15	0.00	0.00	82.05	7,896.20
Doe, William	5,791.83	0.00	0.00	5,791.83	0.00	5,791.83	44.47	220.00	121.63	6,177.93
Dole, Bob	10,257.48	0.00	0.00	10,257.48	0.00	10,257.48	0.00	0.00	213.15	10,470.63
Dooley, David	6,893.05	0.00	0.00	6,893.05	0.00	6,893.05	22.53	0.00	144.75	7,060.33
TOTALS:	169,728.83	0.00	0.00	169,728.83	10,579.13	159,149.70	312.74	880.00	4,083.30	164,425.74
	169,728.83	0.00	0.00	169,728.83	10,579.13	159,149.70	312.74	880.00	4,083.30	

USE OF LOAN PROCEEDS	
PROCEEDS USED TO PAY PAYROLL COSTS*	
Gross salaries, wages, commissions, cash tips or equivalents, and similar compensation paid to employees (Do not include 1099 payments to independent contractors)	\$169,728.83
Payments for vacation, parental, family, medical, or sick leave	\$0.00
Severance payments (for dismissal or separation)	\$0.00
Group health care benefits, including insurance premiums	\$880.00
Employer Retirement Benefit Payments: Select from dropdown	\$4,083.30
State unemployment tax	\$312.74
FOR SELF-EMPLOYED INDIVIDUALS & INDEPENDENT CONTRACTORS ONLY	
Self-Employment Income: 1099 income such as wage, commission, income, net earnings from self-employment or similar compensation up to \$100,000	
<i>Amount of PPP Loan Used to Pay Payroll Costs</i>	\$175,004.57
NON-FORGIVABLE PAYROLL COSTS	
Total salary/wages paid to any employee(s) in excess of \$100,000	\$10,579.13
Salary/wages for any employee whose principal place of residence is outside the U.S.	\$0.00
Qualified sick or family leave for which a credit is allowed under The Families First Coronavirus Response Act (FFCRA)	\$0.00
<i>Total Non-Forgivable Payroll Costs</i>	\$10,579.13
TOTAL FORGIVABLE PAYROLL COSTS	\$164,425.44

PAYROLL COSTS FAQs

Question: Will bonus payments made to staff during the 8-week time period of PPP fund use be forgivable?

Answer: Yes, if the bonuses are earned and paid during the 8-week period subject to the overall limitation of \$15,385/employee. If you are paying an additional wage to hourly workers who have stayed on during the period, you may want to classify the hours under an additional shift differential of X amount per hour called "Covid-19 Additional Pay." If it's a salaried employee, you could pay an additional flat amount per payroll with the same earning title.

Question: Can group benefits be paid other than Health. i.e Dental, Life insurance, LTD and AD& D?

Answer: We believe insurance premiums for medical, dental, and vision can be included as well as FSA and HRA reimbursements. Since Life and AD&D are not "health" benefits we would not include those costs.

Note: iSolved includes the ER Portion of Medical as a default on the Cares Report. You will need to contact your support representative to add in the additional ER costs if you track them in iSolved.

FAQS FOR PAYROLL COSTS



Question: Is forgiveness calculated on cash basis – i.e. based on date wages are paid and not date wages are accrued?

- e.g. if 8 weeks starts May 1 and covers wages from May 1 to June 25, and employer pays on 15th (for wages earned from the 1st-15th) and the last day of the month (for wages earned from the 16th to the last day of the month), forgiveness would include only payrolls written on May 15, May 30 and June 15? Could the June 30 payroll be run early to fall before June 25 and so to capture those wages? Would all the wages paid in that payroll be included in the forgiveness calculation even though some of the wages would be paying for hours worked between June 26-30 and outside of the 8-Week period?

Answer: The Cares Act Legislation Section 1106 states that loan forgiveness is eligible for “costs incurred and payments made” for the list of allowable expenses. There is no specific guidance addressing how pay periods interplay with loan forgiveness. Barring any further clarification, in order to ensure that you achieve maximum loan forgiveness in this scenario, we recommend that you contact CTR to request a special payroll with a Pay Date of June 25 to ensure the wages are included.

FAQS FOR PAYROLL COSTS



Question: We have about 100K of Profit Sharing that we accrue for each month. We pay that the next March. Can 2 months of that be forgiven even though the cash does not leave our account during the forgiveness period?

Answer: Based on the “incurred or paid” language of the Cares Act we believe the two months will need to be paid during the 8 Week Period in order to be included. You may need to amend your plan documents to allow for this.

Question: How do we reply to employees that we call back to work and they are saying no because they are earning more on unemployment, after we receive a PPP loan? What are our options under PPP loan forgiveness ?

Answer There are no options under PPP, but you may have options under unemployment or you could pay them additional wages in excess of what they would receive through unemployment.

FAQS FOR PAYROLL COSTS

Are the costs based on “Pay Date” or when the wages were actually incurred?

Example: Employer received loans proceeds on April 27, 2020. Employer’s next pay date is May 1, 2020 for the pay period of April 21 through April 28th. Are all wages included in the 8 Week calculation b/c the pay date was May 1st or are only the April 27th and April 28th wages included?

Answer: Additional clarification is required by the SBA. Barring any further clarification from the SBA, we believe that the wages could be included because the wages were paid during the eight-week loan period.

STEP 2: CALCULATE NON-PAYROLL EXPENSES

PROCEEDS USED TO PAY NON-PAYROLL AUTHORIZED COSTS	
Rent under lease agreements existing before 2/15/2020	\$50,000.00
Utilities (electric, gas, water, transportation, telephone and internet) under service agreements dated before February 15, 2020	\$8,000.00
Interest on covered mortgages (on real or personal property) incurred before 2/15/2020	
EIDL grant advance refinanced into PPP loan	
<i>TOTAL FORGIVABLE NON-PAYROLL COSTS</i>	\$58,000.00
<i>TOTAL FORGIVABLE COSTS</i>	\$222,425.44
EXCLUDED AMOUNTS	
AMOUNTS NOT USED FOR AUTHORIZED PURPOSES	\$0.00
NON-PAYROLL EXPENSES IN EXCESS OF 25%	\$2,393.64
<i>AMOUNT POTENTIALLY FORGIVABLE BEFORE REDUCTIONS</i>	\$220,031.80

Question: Can we use PPP funds for lease payments made for May 2020 if the payment was made after loan origination, but prior to receipt of PPP funds?

Answer: The Department of Treasury posted an FAQ on April 8th clarifying that the Eight-Week period begins on the date of disbursement of the loan to the borrower. Based on this clarification, the lease payment would not be eligible because it was paid prior to the disbursement of the loan. The only argument you may have is if you paid the lease payment after the loan origination but prior to the clarification from the Department of Treasury on April 8th.

Question: Under "Utilities" it indicates transportation. Is this for company vehicle cost, or travel, or mileage, or whatever?

Answer: To date, this has not been defined.

REDUCTIONS TO LOAN FORGIVENESS

REQUIRED REDUCTIONS TO LOAN FORGIVENESS AMOUNT	
REDUCTION IN HEADCOUNT	
Monthly average full time equivalent employees for 8-week covered period	20
Monthly average full time equivalent employees for the period 2/15/2019 - 6/30/2019	30
Monthly average full time equivalent employees for the period 1/1/2020 - 2/29/2020	25
Are you a seasonal employer?	No
Baseline monthly full time equivalent employees	25
Percentage potentially not forgivable on account of reduction in headcount	20.00%
Amount potentially not forgivable on account of reduction in headcount	\$44,006.36
Number of full time equivalent employees lost between 2/15/2020 - 4/26/2020	5
Number of full time equivalent employees added by 6/30/2020	0
<i>AMOUNT NOT FORGIVABLE ON ACCOUNT OF REDUCTION IN HEADCOUNT</i>	<i>\$44,006.36</i>

- Calculate your FTES for 8-Week Period after Loan Disbursement
- Measure your Employees for the two periods noted above.
- Choose the most favorable period (lowest FTE Count)
 - **Note:** If you are a seasonal employer you must use the 2019 period
- If you lost any employees between 2/15/2020 and 4/26/2020, did you bring them back by June 30, 2020?

CALCULATING REDUCTION TO FTES

What is considered an FTE?

<https://home.treasury.gov/system/files/136/Paycheck-Protection-Program-Frequently-Asked-Questions.pdf>- *Updated April 26, 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.

Note: The Cares Act does not define the threshold hours to use for an FTE. Many have been using the standard 30 Hour Rule as defined by the ACA as FT.

CALCULATING REDUCTION TO FTES

Calculating Average Number of Employees

Section 1106 of the Cares Act states:

(B) CALCULATION OF AVERAGE NUMBER OF EMPLOYEES.—For purposes of subparagraph (A), the average number of full-time equivalent employees shall be determined by calculating the average number of full-time equivalent employees for each pay period falling within a month.

FTE CALCULATIONS



iSolved Care Act Report Provides FTE Calculation Options

Select Each of your Date Ranges

The screenshot shows a web interface for generating an FTE report. At the top, there are two buttons: "Generate Report" (with a bar chart icon) and "Go To My Reports Queue" (with a queue icon). Below these is a "Filtering" section with fields for "From Date:" (2/15/2019) and "To Date:" (6/30/2019), each with a calendar icon. A note states: "This report is available to run at the client level. If the Legal Company is left blank the report will be run for ALL Companies." Below this is a "Legal Company:" dropdown menu and a checkbox for "Include Terminated Companies...". The "Grouping" section has "Organization Level 1:" and "Organization Level 2:" dropdowns, and a checkbox for "Include Pay Group Breakdown:". The "Options" section includes "100K Excess Cost Option:" (Compensation Only), "FTE Calculation Method:" (FTE calculation based on Hours Paid), "Weekly Hours Threshold:" (30), and "Employment Categories:" (with a checked checkbox and a plus icon). At the bottom is a "Format:" dropdown set to "Excel". An orange arrow points from the text "Select Each of your Date Ranges" to the "From Date" field.

Filtering

From Date: 2/15/2019

To Date: 6/30/2019

This report is available to run at the client level. If the Legal Company is left blank the report will be run for ALL Companies.

Legal Company:

Include Terminated Companies... ☐

Grouping

Organization Level 1:

Organization Level 2:

Include Pay Group Breakdown: ☐

Options

100K Excess Cost Option: Compensation Only

FTE Calculation Method: FTE calculation based on Hours Paid

Weekly Hours Threshold: 30

Employment Categories: ☒ Employment Categories

Format: Excel

FTE CALCULATIONS



Select your Calculation Method and Add your Weekly Hours Threshold

The screenshot shows a web interface for generating an FTE report. At the top, there is a dark blue header bar with two links: "Generate Report" (with a bar chart icon) and "Go To My Reports Queue" (with a queue icon). Below the header, the interface is divided into three sections: "Filtering", "Grouping", and "Options".

Filtering

- From Date: 2/15/2019 (with a calendar icon)
- To Date: 6/30/2019 (with a calendar icon)
- A note: "This report is available to run at the client level. If the Legal Company is left blank the report will be run for ALL Companies."
- Legal Company: (dropdown menu)
- Include Terminated Companies: ☐

Grouping

- Organization Level 1: (dropdown menu)
- Organization Level 2: (dropdown menu)
- Include Pay Group Breakdown: ☐

Options

- 100K Excess Cost Option: Compensation Only (dropdown menu)
- FTE Calculation Method: FTE calculation based on Hours Paid (dropdown menu, highlighted by an orange arrow)
- Weekly Hours Threshold: 30 (text input)
- Employment Categories: ☒ Employment Categories (checkbox with a plus icon)
- Format: Excel (dropdown menu)

FTE CALCULATION LOGIC

Option 1: FTE Calculation Based on Employment Category

Will show a tree view of your employment categories. You may select categories to include in the count. Note-we will use the same methodology for counting as we do active status (if in a selected employment category, e.g. FT, for at least one day in a month, the individual will count for that month)

Result: The report is counting each employee once.

Option 2: FTE Calculation based on Hours Paid

Will use all paid hours tied to earnings (which are not 1099) per month for any active employees and divide the total by the number entered in the **Weekly Threshold Hours Field**. In the example below you we used the standard ACA FT of 30 Hours/Week.

Options

100K Excess Cost Option:	Compensation Only	<input type="button" value="v"/>
FTE Calculation Method:	FTE calculation based on Hours Paid	<input type="button" value="v"/>
Weekly Hours Threshold:	30	
Employment Categories:	<input checked="" type="checkbox"/> Employment Categories	
Format:	Excel	<input type="button" value="v"/>

FTE CALCULATION LOGIC

Option 2: FTE Calculation based on Hours Paid Method Continued.....

This method uses the hours from the pay periods which are paid within the reporting month in conjunction with the FTEs hours threshold set below

Note: For Salaried employees you must include “Normal Hours” on their Salary Screen in order for these employees to be accounted for in this calculation. If you do not have “Normal Hours” for each salaried employee, then your calculation will be off

Result: Employees who average your FT Threshold will count 1 Time even if their hours exceed the weekly threshold. Everyone who has hours under the threshold will be added together for the month and divided by your FTE threshold (30, 35, 40 hours). This method should be better for employers that have variable hour and part-time employees.

The report performs the following calculation.

- 1.**# of Days**-Get the total number of days in the month for period begin date through period end date for all regular payrolls paid in the month.
- 2.**Weekly factor**-Convert the number of days to a weekly factor by dividing # of days (step 1) by 7.
- 3.**FTE Qualifying Result**-Multiply the weekly factor (step 2) by the hours threshold entered in the report parameters to get the FTE qualifying result.
- 4.**Per Person FTE Count**-Count all EEs with hours paid* for the month equal to or greater than the FTE qualifying result of step 3 as one FTE. This results in an FTE count based on EEs.
- 5.**Per Hours FTE Count**-Add all hours for EEs who do not meet the FTE qualifying result in step 3 and divide that total by the FTE qualifying result. This results in an additional FTE count based on hours.
- 6.**Add the Per Person FTE Count to the Per Hours FTE count from steps 4 and 5.** This is the result used for the report

REDUCTION IN WAGES

(3) REDUCTION RELATING TO SALARY AND WAGES.—

(A) IN GENERAL.—The amount of loan forgiveness under this section shall be reduced by the amount of any reduction in total salary or wages of any employee described in subparagraph (B) during the covered period that is in excess of 25 percent of the total salary or wages of the employee during the most recent full quarter during which the employee was employed before the covered period.

(B) EMPLOYEES DESCRIBED.—An employee described in this subparagraph is any employee who did not receive, during any single pay period during 2019, wages or salary at an annualized rate of pay in an amount more than \$100,000.

*** There is no further guidance on this Section from the SBA

REDUCTION IN WAGES

CALCULATON STEPS BASED ON WHAT WE KNOW:

- **Step 1: Determine which Employees are Exempted from the Wage Reduction Calculation?** You will only apply wage reduction to employees who never exceeded a \$100,000 annualized rate of pay during any pay period in 2019. For example if you have a biweekly pay period, any employee who exceeded \$3,846 for any given pay period in 2019 would be exempted.
- **Step 2:** Compare the annualized wages for the employees in the Covered Loan Period to the same employees' annualized wages in Quarter 1.
- **Step 3:** Determine any employees whose wages were reduced by 25% or more in the covered period
- **Step 4:** Reduce by number of employees whose wages were increased by 6/30/2020

REDUCTION IN WAGES

Total reduction in salary/wages of each employee included in payroll costs making less than \$100,000, whose annualized compensation for the 8-week post-loan period is less than 75% of that employee's annualized compensation for most recent quarter that employee was employed (unless restored by 6/30/2020)	\$10,000.00
Number of employees whose wages were reduced by 25% or more and not Restored by 6/30/2020	1
Number of employees whose wages were reduced by 25% or more and were restored by 6/30/2020	0
AMOUNT NOT FORGIVABLE ON ACCOUNT OF REDUCTION IN WAGES	\$10,000.00
TOTAL REDUCTIONS TO POTENTIALLY FORGIVABLE AMOUNT	\$54,006.36
AMOUNT POTENTIALLY ELIGIBLE FOR FORGIVENESS SUBJECT TO USE TEST	\$166,025.44

- **Question:** What period do we measure the wages against? We were told it would be measured against the QTR1-2020 wages. True?
- **Response:** Yes.
- **Question:** A real stunner. At a Webinar held 4-23, we were told that they will measure against QTR1-20, name by name. For example, we had a manager, who retired 3-31-2020. We replaced him with a new manager on 4-1-20. This person has the same job and identical wages. We were told that the new manager's wages paid during the 8-Week period would be both forgivable and allowable BUT that since the former manager did not receive at least 75% of his Qtr1 wages, that his wages would be subtracted from the amount forgivable. Basically, to be 100% forgiven, we need to pay the SAME people the same wage or better during the 8-Week period.
- **Response:** We are not aware of any language this specific. The only information we have is the original legislation which does not get this granular. Based on the spirit of the legislation, we believe that the example above would not result in a reduction to the employer.

Question If you reduce salaries/hourly wages prior to receiving the PPP funds, after you receive the funds can you both reinstate salaries/hourly wages to previous levels and pay the amount that you reduced wages by back to your employees and all these wages count toward loan forgiveness? If so, do you enter the wages into iSolve as salary for that pay period, a bonus, or some other category?

Answer Yes you can reinstate wages. Those wages would be forgivable and they would prevent you from receiving a loan reduction in the event the wage reduction was greater than 25% when compared to Quarter 1 wages for the respective employees.

As long as the wages are paid within the 8 Week Loan Period, the wages would be counted toward your total gross wages for the period. You do not need to categorize them separately unless you would like to break them out separately for your own reporting and calculation purposes. We can easily create new earnings categories in iSolved with whatever naming convention you would like.

Question: Language says "Incurred and Paid" for the 8-week measurement. We have a Bi-weekly payroll. We started our employees back on 4-27. 4-27 is the start of the 2week pay period. First paycheck for the furloughed employees will be 5-15. We were funded 4-24. so our 8-week period for forgiveness runs until 6-19 (56 days). Pay days from funding are 5-1 (none of the recalled employees will be in this payroll) 5-15, 5-29, 6-12, and 6-26 which is AFTER the 8-week period. Is there an accrual or any way to handle this? Obviously if we are talking about cash, the recalled employees only have 3 paychecks during the 8-week period (5-15,5-29,6-12)

That makes it almost impossible to pay MORE than the 75% of the Qtr1 wages. Assume a person makes 1000 per week. QTR1-20 would show they made 12,000. (6pays in QTR1 at 2000 per biweekly pay). The match does not jive unless we use averages, not total compensation during the 8-Week measuring period.

Answer: Neither the Act nor the SBA rules clarify that an average should be used but we agree with your analysis that the reduction calculation must be based on an average or annualization for the wages due to the varying time periods.

Question: For the restoration of wages calculation, are we calculating a deduction in **total wages** for the 2 periods or a reduction in **wage rates** for the 2 periods? We are a union contractor. Total wages may decrease from one period to another because of available work, but wage rates will remain unchanged. It certainly appears like it could just be referring to the rate of pay because the final test for restoration is based on one day – June 30, 2020. Is the restoration of headcount an “all or nothing” restoration? Is the restoration of employee wages an “all or nothing” restoration?

Answer: We agree with your assessment that the intent is for it to be based on a rate of pay. As we mentioned in the prior response the rates of pay for the varying periods can be annualized or averaged in order to eliminate the variance for the different time periods. As for the restoration of the headcount, it is based on the average number of FTEs as we discussed in our calculations.

WEBINARS TO COME



COVID-19 Industry Spotlight: Healthcare

Friday, May 1 @ 11 am – 12 pm

Join us for this interactive webinar highlighting the Healthcare Industry. We will be interviewing special guest panelists from the Healthcare field to discuss how COVID-19 has impacted their industry and their specific businesses, as well as legislative and/or challenging issues.

[REGISTER NOW](#) 



COVID-19 Industry Spotlight: Non-Profits

Wednesday, May 6 @ 11 am – 12 pm

Join us for this interactive webinar highlighting the Non-Profit Industry. We will be interviewing special guest panelists from the Non-Profit sector to discuss how COVID-19 has impacted their industry and their specific businesses, as well as legislative and/or challenging issues. We will also use this as a time to share ideas and best practices.

[REGISTER NOW](#) 

MORE COVID-19 QUESTIONS?



Reach out to your CTR Support Representative or submit your question on our COVID-19 INFO PAGE to receive the answer to your most-pressing questions.

Don't see an answer to your question? Fill out the form below and we'll get back to you ASAP!

Name*

First

Last

Email*

What's on your mind?

0 of 500 max characters

SUBMIT