

Small Business Association of Michigan

PAYCHECK PROTECTION PROGRAM

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Paycheck Protection Program

- **Loans** to companies to keep their workforce employed
- Eligibility
 - Employers with 500 or fewer employees
 - Self Employed individuals, sole proprietors, independent contractors
 - 501(c)3 organizations
 - In business as of **February 15, 2020**
 - Additional eligibility for Accommodations and Food Sector

Do you have more than 500 Employees?

Yes – Do you have multiple locations?

No – Are you a non-profit organization?

Yes – Are you accommodations or food services (NAICS 72)?

No – You are not eligible for the Paycheck Protection Program

Yes – Are you a 501(c)(3) Organization?

No – go to the PPP Loan Calc

The 500 employee limit is per physical location, go to the PPP Loan Calc

No – You are not eligible for the Paycheck Protection Program

Yes – go to the PPP Loan Calc

Enabling Others to Reach Their Potential

Paycheck Protection Program

- Calculation Includes: (April 2019 – March 2020)
 - Compensation to employees
 - Payments to independent contractors
 - Guidance suggests independent contractors should submit separate application 4/10/2020
- Calculation Does not include:
 - Compensation of employee in excess of \$100,000
 - Compensation for non US residents
 - Qualified sick and family leave under Families First Coronavirus Response Act

Qualified Loan Amount Loan Calculation Period 4/1/19 - 3/31/20								Amounts by Month
		Totals	April 2019	May 2019	June 2019	July 2019	August 2019	September 2019
Payroll - salaries & wages (including commissions and cash tips)		\$ 1,200,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Employee Benefits								
	Group health care	\$ 60,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
	Dental insurance	\$ 4,500	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375
	Workers compensation insurance	\$ 1,200	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
	Payment for vacation, parental, family, medical or sick leave	\$ -						
	Allowance for dismissal or separation	\$ -						
	Retirement benefit	\$ -						
	Other	\$ -						
		\$ 65,700	\$ 5,475	\$ 5,475	\$ 5,475	\$ 5,475	\$ 5,475	\$ 5,475
State or local tax assessed on compensation		\$ 1,200	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
Eligible EIDL to be refinanced into the covered loan								
Reductions								
	Wages & subcontractors Over \$100k	\$ 50,000	\$ 4,167	\$ 4,167	\$ 4,167	\$ 4,167	\$ 4,167	\$ 4,167
	Taxes imposed or withheld under Chapters 21 or 24 of the IRC							
	Foreign wages	\$ -						
	Qualified FFCRA wages	\$ -						
		\$ 50,000	\$ 4,167	\$ 4,167	\$ 4,167	\$ 4,167	\$ 4,167	\$ 4,167
Totals		\$ 1,216,900	\$ 101,408	\$ 101,408	\$ 101,408	\$ 101,408	\$ 101,408	\$ 101,408
Average Monthly		\$ 101,408						
Total Qualified Loan Amount		\$ 253,521						

Paycheck Protection Program

- Fund Use
 - Payroll costs
 - Group health care
 - Interest on mortgage incurred prior to covered period
 - Interest on other debt incurred prior to covered period
 - Utilities – including electricity, gas, water, phone, internet
 - Rent

Paycheck Protection Program

- Additional resources at www.paycheckprotectionprogrammichigan.com
- Seasonal employer
 - Average monthly payments for the payroll shall be the 12 week period beginning 2/15/2019, or at the election of the eligible recipient, 3/1/2019, ending on June 30, 2019

Loan Forgiveness

- Amounts forgiven are canceled indebtedness by the lender within 90 days of amount determination
- Based on fund usage in 8 weeks
- Maintaining your workforce
- Includes
 - Payroll
 - Interest on covered mortgage
 - Rent
 - Utilities

Eligible Loan Forgiveness (Tentative)		Estimated		
8-Week Forgiveness Period - 5/1/20-6/25/20		Totals	May 1 - 28	May 29 - June 25
Payroll - salaries & wages (including commissions and cash tips)	\$ 200,000	\$ 100,000	\$ 100,000	
Employee Benefits - employer portion				
Group health care	\$ 10,000	\$ 5,000	\$ 5,000	
Dental insurance	\$ 750	\$ 375	\$ 375	
Workers compensation insurance	\$ 200	\$ 100	\$ 100	
Payment for vacation, parental, family, medical or sick leave	\$ -	\$ -	\$ -	
Allowance for dismissal or separation	\$ -	\$ -	\$ -	
Retirement benefit	\$ -	\$ -	\$ -	
Other	\$ -	\$ -	\$ -	
	\$ 10,950	\$ 5,475	\$ 5,475	
State or Local Tax Assessed on Compensation (SUTA) - employer portion	\$ 200	\$ 100	\$ 100	
Subcontractors	\$ -	\$ -	\$ -	
Eligible EIDL to be refinanced into the covered loan	\$ -	\$ -	\$ -	
Reductions				
Wages over \$100,000	\$ 8,333	\$ 4,167	\$ 4,167	
Taxes imposed or withheld under Chapters 21 or 24 of the IRC	\$ -	\$ -	\$ -	
Foreign Wages	\$ -	\$ -	\$ -	
Qualified FFCRA Wages	\$ -	\$ -	\$ -	
	\$ 8,333	\$ 4,167	\$ 4,167	
Mortgage Interest	\$ 4,000	\$ 2,000	\$ 2,000	
Rent	\$ 1,000	\$ 500	\$ 500	
Utilities	\$ 750	\$ 375	\$ 375	
Other Debt Obligations	\$ 1,000	\$ 500	\$ 500	
Totals Before Reduction	\$ 209,567	\$ 104,783	\$ 104,783	

Eligible Loan Forgiveness (Tentative) 8-Week Forgiveness Period - 5/1/20-6/25/20	Totals	Estimated May 1 - 28	Estimated May 29 - June 25
Reduction Based on Reduction of Number of Employees			
Payroll Costs per Loan Calculation	\$ 253,521		
Average FTE in 2020	8	8	8
Option 1: Average FTE 2/15/19 to 6/30/19	6	6	6
Option 2: Average FTE 1/1/20 to 2/29/20	9	9	9
Total Reduction Based on Reduction of Number of Employees	<u>\$ 28,169</u>		
Reduction Based on Reduction in Salaries			
Amount of any reduction in wages that is greater than 25%	\$ -		
Total Reduction Based on Reduction in Salaries	<u>\$ -</u>		
Total Eligible Loan Forgiveness (Tentative)	<u><u>\$ 181,398</u></u>		
*Capped at actual loan amount			

Portion of Loan Not Forgiven

- Interest rate 1%
- Payable over 2 years
- Deferral of principal, interest and fees for 6 months

What Does the Bank Need?

- Supporting payroll documentation for average monthly payroll calculation (PR tax filings, 1099s issued, payroll journals)
- 2019 YE Financial Statements (some are requesting the Profit and Loss Statement Only)
- Support for insurance premiums, retirement payments
- NAICS Code
- Ownership information for any owners over 20%
- Detail listing of anticipated funding use

** Request list appears to still be fluid at this time – check with your financial institution for specifics **

Emergency EIDL Grants

- \$10 billion in funding
- Expanded eligibility because of economic losses related to COVID-19
- Eligibility:
 - Business or cooperative with not more than 500 EE
 - Sole proprietorship and independent contractors
- You can get an EIDL grant AND participate in the Paycheck Protection Program (DO NOT double dip)
- Emergency grant advance of \$10,000
- Advance funds provided within 3 days

Questions?

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Maner Costerisan CARES Act Q&A –

Tuesday, 4/7 at 1pm

Thursday, 4/9 at 9am

www.ManerSolutions.com/Events/