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# PrestigePEO

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June 24, 2020



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# COVID-19

We Are Here For You

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# Today's Presenters



Jason Flinn

Today's Moderator  
and Director of  
PrestigePEO Client  
Services



Andrew Lubash

Founder and  
Principal of  
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Malcolm C. Slee

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Groom Law Group



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# Today's Topics

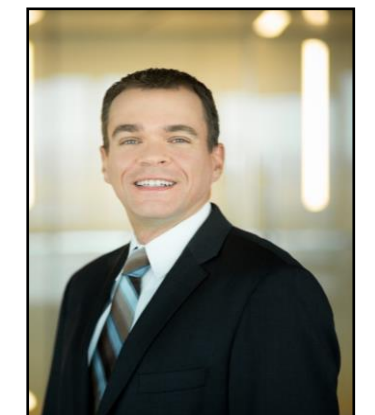


- New SBA/Treasury guidance
- Revised loan forgiveness application
- Newly issued simplified “EZ” loan forgiveness applications
- Immigration Proclamation
- Frequently Asked Questions

- ❖ Webinar Forum
  - All participants are muted.
  - Please type questions in the side navigation panel and we will try to address most questions.
  - Today's presentation will be posted [prestigepeo.com/covid-19](https://prestigepeo.com/covid-19).

## Groom Law Group

### Seth Perretta and Malcolm Slee



- Seth Perretta and Malcolm Slee are Principals at Groom Law Group, a Washington, DC law firm that focuses exclusively on employee benefit matters.
- Seth interfaces regularly with federal agency regulators and advises clients on legislative and regulatory developments.
- Malcolm advises clients on issues under ERISA, the Internal Revenue Code, and related laws and regulations as they relate to qualified retirement and welfare plans.

New  
SBA/Treasury  
Guidance

# New SBA/Treasury Guidance

- Joint statement from June 8, 2020 from SBA Administrator Carranza and Treasury Secretary Mnuchin
- Additional Interim Final Rules (“IFRs”)
  - Revisions to First Interim Final Rule (6/10)
  - New IFR (6/12) – Addressing change re: ownership by individuals convicted of felonies
  - Revisions to Third and Sixth Interim Final Rules (6/17)
  - Revisions to Loan Forgiveness Interim Final Rule (6/22)
  - SBA Loan Review Procedures Interim Final Rule (6/22)



# New SBA/Treasury Guidance

- Issued revised or new applications and instructions
  - Revised borrower PPP loan application (6/12)
  - Revised lender PPP loan application (6/12)
  - Revised loan forgiveness application (6/17)
  - **New simplified “EZ” forgiveness loan application (6/17)**



# Deadline to Apply for PPP Loan

- In addition, the new rules will confirm that June 30, 2020, remains the last date on which a PPP loan application can be approved.

6/30/20

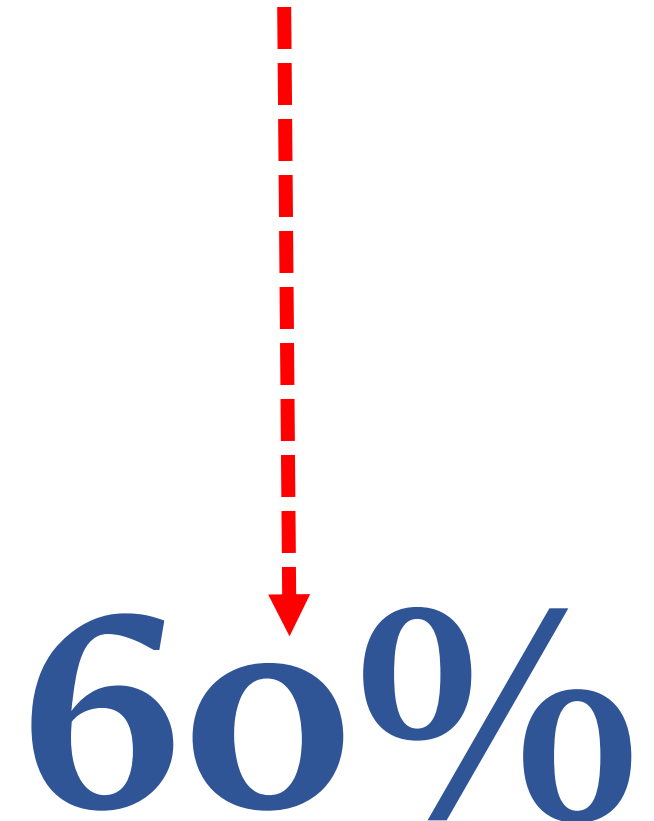
# Reduction in 75% Payroll Cost Requirement to 60%

- Per 6/8 Joint Statement:

- Lower the requirements that 75 percent of a borrower's loan proceeds must be used for payroll costs and that 75 percent of the loan forgiveness amount must have been spent on payroll costs during the 24-week loan forgiveness covered period to 60 percent for each of these requirements. **If a borrower uses less than 60 percent of the loan amount for payroll costs during the forgiveness covered period, the borrower will continue to be eligible for partial loan forgiveness, subject to at least 60 percent of the loan forgiveness amount having been used for payroll costs.**

- Per 6/8 IFR:

equivalent employees. While the Flexibility Act provides that a borrower shall use at least 60 percent of the PPP loan for payroll costs to receive loan forgiveness, the Administrator, in consultation with the Secretary, interprets this requirement as a proportional limit on nonpayroll costs as a share of the borrower's loan forgiveness amount, rather than as a threshold for receiving any loan forgiveness. This interpretation is



60%

## Reduction in 75% Payroll Cost Requirement to 60%


**Example:** Acme Co. receives a loan for \$1,000,000. During the loan forgiveness covered period, they spend \$550,000 on payroll costs, and \$400,000 on business rent or lease payments + utility payments

- **UNDER OLD RULE:**

- Even though Acme Co. spent \$950,000 on allowable costs during covered period, total forgivable amount would be capped at \$733,333.33 (\$550,000 divided by 0.75)

- **UNDER PPP FLEXIBILITY ACT RULE:**

- The new 60% threshold will be applied like the current rules, just using 60% instead of 75%. In this case, divide \$550,000 by 0.60, which provides a total maximum forgiveness amount of \$916,666.67



60%

# Extension of Loan Forgiveness Covered Period

- **PPPFA – Expands forgiveness covered period until the earlier of: (a) the date that is 24 weeks after the date the loan was originated; or (b) December 31, 2020**
  - However, a borrower that received a loan before the PPPFA was enacted can elect to have the prior rule apply (i.e., covered period ends eight weeks after the date the loan was originated)
  - **New Guidance:**
    - Indicates that borrower must utilize the 24-week covered period (unless eligible to elect, and does elect, the 8-week period)
    - Borrower does not have to wait to seek forgiveness until after close of loan forgiveness period (8 or 24 weeks) and may seek forgiveness once it has used the full amount of the loan proceeds
    - However, if the borrower applies for forgiveness before the end of the covered period and has reduced any employee's salaries or wages in excess of 25 percent, the borrower must account for the excess salary reduction for the full 8-week or 24-week covered period

**24 Weeks**  
(or December 31, 2020 if earlier)



## Applying for Loan Forgiveness Before Covered Period Ends

**Example: Joe's Hardware applies for and receives a PPP loan, with a 24-week loan forgiveness covered period**

- Joe's Hardware reduced a full-time employee's weekly salary from \$1,000 per week during the reference period to \$700 per week during the covered period. The employee continued to work on a full-time basis during the covered period, with an FTE of 1.0
- The first \$250 (25% of \$1,000) is disregarded for purposes of calculating the salary/hourly wage reduction (i.e., no loan forgiveness reduction).
- Under the new guidance, Joe's Hardware is permitted to file for forgiveness once it uses all of its PPP loan proceeds.
- HOWEVER, Joe's Hardware is required to list \$1,200 as the salary/hourly wage reduction for that employee (i.e., the \$50 reduction in excess of the 25% reduction, multiplied by the full 24 weeks = \$1,200).
- Effectively, the guidance allows the borrower (i.e., Joe's Hardware) to apply for forgiveness once the PPP loan proceeds have been used; BUT, the borrower is somewhat penalized because guidance requires the borrower to assume the salary/hour wage reduction applies for full 24-week period.

# FTE Reduction Safe Harbor Expansion

- **PPPFA – Effectively gives the borrower until December 31, 2020 to restore FTE headcount**
  - **New Guidance:**
    - Revised Loan Forgiveness Application suggests that FTE count “as of date [loan forgiveness] application is submitted” can be used, which gives borrowers more flexibility



**12/31/20**

# Salary/Hourly Wage Reduction Safe Harbor Expansion

- **PPPFA – Effectively gives the borrower until December 31, 2020 to restore salary/hourly wages**
  - **New guidance:**
    - Revised Loan Forgiveness Application suggests that salary/hourly wage “as of date [loan forgiveness] application is submitted” can be used, which gives borrowers more flexibility



12/31/20

12/31/20

# New FTE Reduction Factor Exception

- **PPPFA** – Allows borrower to avoid reduction if the borrower, in good faith: (a) is able to document (1) **inability to rehire individuals** who were employees of the borrower on February 15, 2020 and (2) **inability to hire similarly qualified employees for unfilled positions** on or before December 31, 2020; or, (b) is **able to document an inability to return to the same level of business activity as such business was operating at before February 15, 2020, due to HHS/CDC/OSHA requirements/guidance relating to COVID-19**
  - **New Guidance:**
    - SBA/Treasury regulatory exception still applies (with slight modifications):
      - If borrower makes a good faith, written offer to **restore the reduced hours of an employee** (for same salary/wages and number of hours in the last pay period prior to reduction of hours), employee rejects the offer, and borrower maintains records documenting offer/rejection, employee won't count against the FTE reduction factor.
    - If using new PPPFA FTE Reduction Factor Exception, guidance suggests that borrower is required to inform the applicable state UI office of any employee's rejected rehire offer within 30 days of the rejection
    - Borrowers should maintain records of written offer to rehire, written record of rejection, written record of efforts to hire similarly qualified individuals
    - Revised Loan Forgiveness Application also suggests that "decreased level of business activity" can also be measured as of forgiveness application date



## “Inability to Return to the Same Level of Business Activity”

**Example: Lana’s Lotions sells beauty products, both online and in a retail store. During the covered period, local government ordered all non-essential businesses (including Lana’s Lotions’ retail store) to shut down, based on COVID-19 guidance issued by CDC in March 2020.**

- Lana’s Lotions’ business activity during the covered period was reduced when compared to its activity before February 15, 2020 as a result of a government ordered shut down.
- As a result, Lana’s Lotions will **not** have its forgiveness reduced because of a reduction in FTEs during the covered period **if Lana’s Lotion maintains records regarding (1) the local government’s shutdown orders, and (2) the related reduction in its business activity.**
  - Note: SBA is interpreting this rule to “include both direct and indirect compliance with COVID Requirements or Guidance, because a significant amount of the reduction in business activity stemming from COVID Requirements or Guidance is the result of state and local government shutdown orders that are based in part on guidance from the three federal agencies.”

## Administration of \$100k Cash Comp Limit

- CARES Act – Only allows for a pro rata share of up to \$100k of annualized cash compensation to be considered when determining the amount of eligible payroll costs for forgiveness
- PPPFA – As noted, the Act extends the loan forgiveness covered period from 8-weeks to the earlier of (i) December 31, 2020 or (ii) the close of 24-weeks after the loan origination
  - **New guidance:**
    - For employees during an 8-week Covered Period, that cap is \$15,385
    - For *owners* during an 8-week Covered Period, that cap is lower of \$15,385 or eight-week equivalent of 2019 compensation
    - For employees during a 24-week Covered Period, that cap is \$46,154
    - For *owners* during a 24-week Covered Period, that cap is lower of **\$20,833** or eight-week equivalent of 2019 compensation

**\$100K**

# Explaining the 24 Week/\$20,833 Owner Cap

## Example:

- Gary Greedy operates a consultancy business, Greedy Inc. He made \$300,000 net profit in 2019.
- Greedy Inc. had one employee, Eddie, who performed office management/bookkeeping. Eddie's salary for 2019 was \$125,000.
- Greedy Inc. applied for and received a PPP loan in June 2020.
  - It applied for the maximum loan amount, which was 2.5 x monthly payroll for 2019, excluding costs over \$100,000 on an annualized basis for any employee.
  - Therefore, the maximum amount that could be "claimed" as part of a PPP loan for any employee is \$20,833 (\$100,000 divided by 12, multiplied by 2.5)
  - So Greedy Inc.'s loan amount was \$41,667 (\$20,833 x 2)
- Gary knows that under the PPP Flexibility Act, you can reduce your full-time workforce, and still qualify for full loan forgiveness amount if the borrower is unable to return to the same level of business activity the business was operating at before February 15, 2020.
- Gary fires Eddie and pays himself the full \$41,667 over his 24-week loan forgiveness covered period, figuring he'll get the entire amount forgiven as "payroll costs."
- SBA doesn't want this result!
  - Gary gets a windfall!
  - Eddie's paycheck wasn't protected!
- Therefore, SBA's rule caps the forgiveness of owner compensation replacement for individuals with self-employment income who file a Schedule C or F at **\$20,833** for the 24-week period.

## More Guidance Regarding Owner / Self-Employment Compensation

- Owner-employee / Self-employed individual's compensation for forgiveness purposes is generally capped at:
  - For 8 week covered period- lesser of 8 weeks of 2019 comp or \$15,385
  - For 24 week covered period- lesser of 2.5 months of 2019 comp or \$20,833
- For purposes of measuring 2019 comp:
  - C-Corp owner-employees are capped by the amount of their 2019 employee cash compensation and employer retirement and health insurance contributions made on their behalf\
  - S-Corp owner-employees are capped by the amount of their 2019 employee cash compensation and employer retirement contributions made on their behalf, but NOT employer health insurance contributions made (those are already included in cash comp)
  - Schedule C or F filers are capped by amount of owner compensation replacement, calculated base on 2019 net profit
  - General partners are capped by amount of 2019 net earnings from self-employment (reduced by section 179 deduction, unreimbursed partnership expenses, and depletion from oil and gas properties) multiplied by 0.9235
  - For all self-employed individuals, retirement and health insurance contributions are NOT separately included (they are already included in net self-employment income)



# Extension of Loan Deferral Period

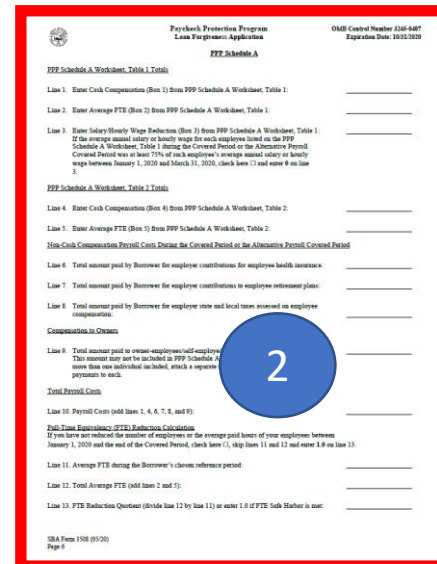
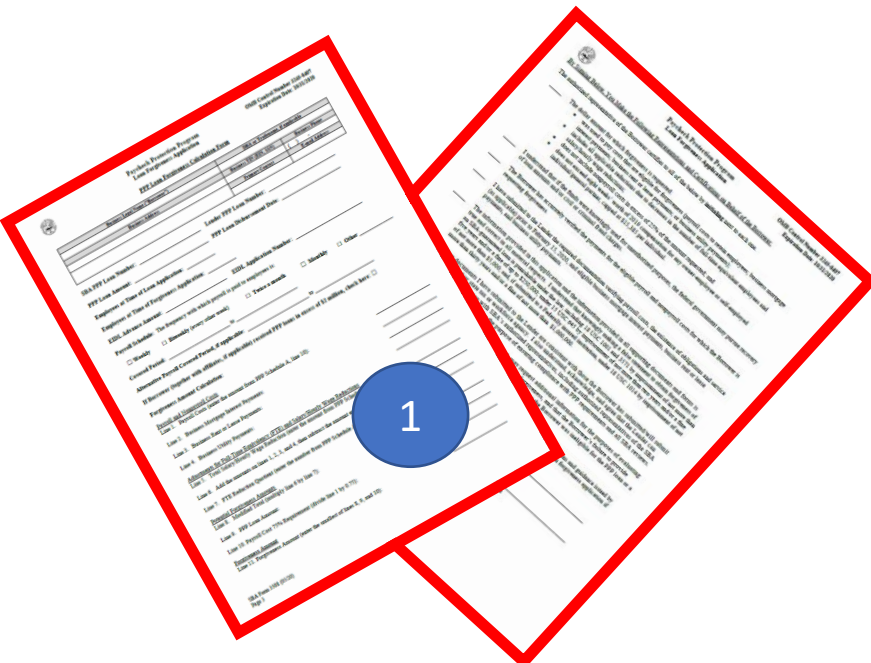
- CARES Act – Deferral of payment, interest and fees for *not less than* 6 months, and no more than 12 months
- **PPPFA – Lenders will have to allow for deferral until the date on which the amount of loan *forgiveness* is remitted to the lender (or the close of the 10<sup>th</sup> month after the end of the covered period, if earlier)**
  - **New guidance:**
    - After the loan forgiveness application is filed, the lender is responsible for notifying the borrower of remittance by SBA of the loan forgiveness amount (or that SBA determined that no amount of the loan is eligible for forgiveness) and the date on which the borrower's first payment is due, if applicable.
    - If the borrower does not apply for loan forgiveness within 10 months after the last day of the covered period, the PPP loan is no longer deferred and the borrower must begin paying principal and interest. If this occurs, the lender must notify the borrower of the date the first payment is due.



Revised Loan  
Forgiveness Application  
and Simplified  
Application

# Revised Loan Forgiveness Application

- Released by Treasury/SBA on June 17, 2020
- Largely reflects changes dictated by PPPFA (see preceding slides!)



**Paycheck Protection Program Loan Forgiveness Application**  
PPP Schedule A  
OMB Control Number 3248-0487  
Expiration Date: 10/31/2020

**PPP Schedule A Worksheet, Table 1, Total:**

Line 1: Enter Cash Compensation (line 1) from PPP Schedule A Worksheet, Table 1: \_\_\_\_\_

Line 2: Enter Average FTE (line 2) from PPP Schedule A Worksheet, Table 1: \_\_\_\_\_

Line 3: Enter Salary/Bonus/Weekly Wage Reduction (line 3) from PPP Schedule A Worksheet, Table 1: \_\_\_\_\_

Line 4: Enter Cash Compensation (line 4) from PPP Schedule A Worksheet, Table 2: \_\_\_\_\_

Line 5: Enter Average FTE (line 5) from PPP Schedule A Worksheet, Table 2: \_\_\_\_\_

Line 6: Total amount paid by Borrower for employee contributions for employee health insurance: \_\_\_\_\_

Line 7: Total amount paid by Borrower for employee contributions to employee retirement plans: \_\_\_\_\_

Line 8: Total amount paid by Borrower for employee state and local taxes assessed on employee contributions: \_\_\_\_\_

Line 9: Total amount paid to owner-employees/self-employed: \_\_\_\_\_

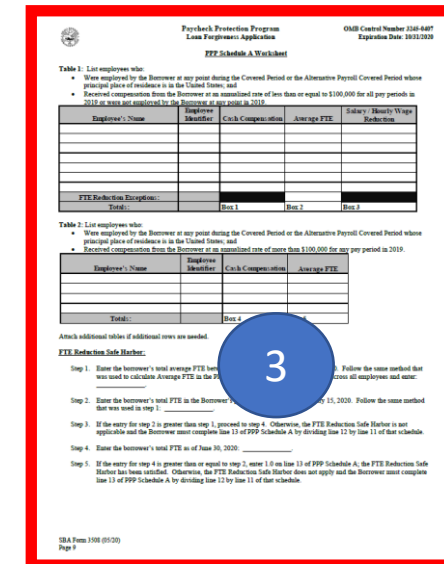
Line 10: Payroll Costs (add lines 1, 4, 6, 7, 8, and 9): \_\_\_\_\_

Line 11: Average FTE during the Borrower's chosen reference period: \_\_\_\_\_

Line 12: Total Average FTE (add lines 2 and 5): \_\_\_\_\_

Line 13: FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met: \_\_\_\_\_

SBA Form 3501 (01-20)  
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**Paycheck Protection Program Loan Forgiveness Application**  
PPP Schedule A Worksheet  
OMB Control Number 3248-0487  
Expiration Date: 10/31/2020

**Table 1: List employees who:**

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of less than or equal to \$100,000 for all pay periods in 2019 or was not employed by the Borrower at any point in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE	Salary/Bonus/Weekly Wage Reduction

**FTE Reduction Exemptions:**

Exemption	Box 1	Box 2	Box 3

**Table 2: List employees who:**

- Were employed by the Borrower at any point during the Covered Period or the Alternative Payroll Covered Period whose principal place of residence is in the United States; and
- Received compensation from the Borrower at an annualized rate of more than \$100,000 for any pay period in 2019.

Employee's Name	Employee Identifier	Cash Compensation	Average FTE

Attach additional tables if additional ones are needed.

**FTE Reduction Safe Harbor:**

Step 1: Enter the borrower's total average FTE from line 12 of PPP Schedule A by dividing line 12 by line 11 of that schedule. Follow the same method that was used in step 1: \_\_\_\_\_

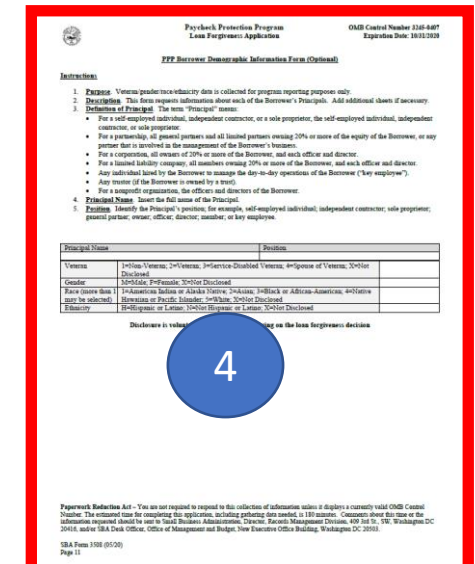
Step 2: Enter the borrower's total FTE in the Borrower's chosen reference period as of June 30, 2020. Follow the same method that was used in step 1: \_\_\_\_\_

Step 3: If the entry for step 3 is greater than step 1, proceed to step 4. Otherwise, the FTE Reduction Safe Harbor has been satisfied. Otherwise, the FTE Reduction Safe Harbor does not apply and the Borrower must complete line 13 of PPP Schedule A by dividing line 12 by line 11 of that schedule.

Step 4: Enter the borrower's total FTE as of June 30, 2020: \_\_\_\_\_

Step 5: If the entry for step 5 is greater than or equal to step 2, enter 1.0 on line 13 of PPP Schedule A; the FTE Reduction Safe Harbor has been satisfied. Otherwise, the FTE Reduction Safe Harbor does not apply and the Borrower must complete line 13 of PPP Schedule A by dividing line 12 by line 11 of that schedule.

SBA Form 3501 (01-20)  
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**Paycheck Protection Program Loan Forgiveness Application**  
PPP Borrower Demographic Information Form (Optional)  
OMB Control Number 3248-0487  
Expiration Date: 10/31/2020

**Instructions:**

1. **Purpose:** Veterans' preference information data is collected for program reporting purposes only.
2. **Required/Optional:** This data requests information about each of the Borrower's Principals. All additional data is optional.
3. **Definition of Principal:** The term "Principal" means:
  - For a self-employed individual, independent contractor, or a sole proprietor, the self-employed individual, independent contractor, or sole proprietor.
  - For a partnership, all general partners and all limited partners owning 20% or more of the equity of the Borrower, or any partner that is involved in the management of the Borrower's business.
  - For a corporation, all owners of 20% or more of the Borrower, and each officer and director.
  - For a limited liability company, all members owning 20% or more of the Borrower, and each officer and director.
  - Any individual named by the Borrower to manage the day-to-day operations of the Borrower ("key employee").
  - Any trustee (if the Borrower is owned by a trust).
  - For a nonprofit organization, the officers and directors of the Borrower.
4. **Principal Name:** Insert the full name of the Principal.
5. **Position:** Identify the Principal's position, for example, self-employed individual, independent contractor, sole proprietor, general partner, owner, officer, director, member, or key employee.

Principal Name	Position
Veterans	1=Non-Veteran, 2=Veteran, 3=Service Disabled Veteran, 4=Spouse of Veteran, 5=Other Disabled
Gender	1=Male, 2=Female, 3=Other Disclosed
Race or ethnicity	1=American Indian or Alaska Native, 2=Asian, 3=Hispanic or Latino American, 4=Native Hawaiian or Pacific Islander, 5=White, 6=Other Disclosed
Ethnicity	1=Hispanic or Latino, 2=Other Hispanic or Latino, 3=Other Disclosed

Borrower's voluntary completion of this form does not affect the loan forgiveness decision.

**Paperwork Reduction Act -** You are not required to respond to this collection of information unless it displays a currently valid OMB Control Number. The estimated time for completing this application, including gathering data needed, is 10 minutes. Comments about this form or the information requested should be sent to Small Business Administration, Clearance, Records Management Division, 409 3rd St., SW, Washington, DC 20546, or via the SBA Office, Office of Management and Budget, Paperwork Reduction Project (3248-0487), Washington, DC 20503.

SBA Form 3501 (01-20)  
Page 11

# New Loan Forgiveness Application “EZ”

- Released by Treasury/SBA on June 17, 2020
- Generally allows borrowers in one of three categories to avoid having to list employees, individual employee compensation, calculate “FTE scores,” etc. on loan forgiveness application
- Can be used by the following borrowers:
  - Self-employed individuals, independent contractors, or sole proprietors with **no** employees when they applied for PPP loan and did **not** include employee salaries in monthly payroll when they applied for PPP loan
  - Employers that did **not** reduce salaries/hourly wages by 25% for employees who made less than \$100,000 during the Covered Period, **AND** did **not** reduce number of employees or the average paid hours of employees between January 1, 2020 and the end of the Covered Period
  - Employers that did **not** reduce salaries/hourly wages by 25% for employees who made less than \$100,000 during the Covered Period, **AND** were **unable** to operate during the Covered Period at the same level of business activity as before February 15, 2020 due to COVID-19



# New Loan Forgiveness Application "EZ"

Business: Legal Name ("Borrower")		DBA or Tradename, if applicable	
Business Address		Business TIN (EIN, SSN)	Business Phone
		Primary Contact	E-mail Address

SBA PPP Loan Number: \_\_\_\_\_ Lender PPP Loan Number: \_\_\_\_\_  
 PPP Loan Amount: \_\_\_\_\_ PPP Loan Disbursement Date: \_\_\_\_\_  
 Employees at Time of Loan Application: \_\_\_\_\_ Employees at Time of Forgiveness Application: \_\_\_\_\_  
 EIDL Advance Amount: \_\_\_\_\_ EIDL Application Number: \_\_\_\_\_

Payroll Schedule: The frequency with which payroll is paid to employees is:  
 Weekly  Biweekly (every other week)  Twice a month  Monthly  Other \_\_\_\_\_  
 Covered Period: \_\_\_\_\_ to \_\_\_\_\_  
 Alternative Payroll Covered Period, if applicable: \_\_\_\_\_ to \_\_\_\_\_  
 If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:

**Forgiveness Amount Calculation:**  
 Payroll and Nonpayroll Costs  
 Line 1. Payroll Costs: \_\_\_\_\_  
 Line 2. Business Mortgage Interest Payments: \_\_\_\_\_  
 Line 3. Business Rent or Lease Payments: \_\_\_\_\_  
 Line 4. Business Utility Payments: \_\_\_\_\_

Potential Forgiveness Amounts  
 Line 5. Add the amounts on lines 1, 2, 3, and 4: \_\_\_\_\_  
 Line 6. PPP Loan Amount: \_\_\_\_\_  
 Line 7. Payroll Cost 60% Requirement (divide Line 1 by 0.60): \_\_\_\_\_

Forgiveness Amount  
 Line 8. Forgiveness Amount (enter the smallest of Lines 5, 6, and 7): \_\_\_\_\_

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SBA Form 3508EZ (06/20)  
Page 1

- No FTE Scores!
- No Salary/Hourly Wage Reductions!
- No Schedule A!
- No Schedule A Worksheet!
- No listing of employees!
- No listing of employee comp!

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# Immigration Proclamation

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# Immigration Proclamation

- June 22<sup>nd</sup>, 2020 – President Trump issued a proclamation that freezes new visas for foreign workers through the end of 2020
- The proclamation will suspend the following:
  - H-1B visas for professional and tech workers
  - H-2B visas for low-skilled jobs
  - H-4 visas
  - J and L visas
- Effective date is June 24, 2020
- Extends the proclamation issued in April until the end of the year

# Immigration Proclamation

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- Entry restrictions will only apply to individuals who meet all of the following criteria:
  - They are outside the United States as of Wednesday, June 24
  - They do not have a nonimmigrant visa that was valid as of June 24, 2020
  - They do not have an official travel document other than a visa that was valid on June 24, 2020, or issued on any date thereafter that permits him or her to travel to the United States and seek entry or admission.
- Exemptions from the immigration proclamation:
  - Visa holders currently in the US
  - Individuals with approved visas
  - Individuals who are involved with treating/researching COVID-19
  - Individuals working in the nation's food supply chain



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# FAQs

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# Frequently Asked Questions

How long do you have to get the FTE count back to original during the covered period?

- Utilizing the FTE safe harbor, the FTE count needs to be restored as of the date you seek forgiveness or December 31, 2020. The average FTE throughout the period is not an issue.

Our 8 week covered period has ended but our business has not been fully restored due to shutdowns. Is there any penalty or reduction in forgiveness if I lay people off?

- There is no penalty for laying people off after the covered period ends. If you choose the 24 week period, you would need to wait until after the loan forgiveness application is submitted or the end of the 24 weeks to avoid reductions due to layoffs.



# Frequently Asked Questions

If we are on a semi-monthly payroll cycle, are we still able to choose the 24 week flexibility?

- All borrowers who received their loan funding prior to the PPPFA may choose either the 8 week or 24 week covered period.

If we prefer the 8 week covered period in regards to our payroll costs, can we still use the remainder of our funds on covered expenses beyond the 8 week period?

- The covered period chosen must be the same for payroll costs and other costs.

Is there an official guide that we have to follow to reopen our business?

- There is a lot of guidance out to help employers reopen their workplace in a safe way. Refer to your state and local guidelines which can be detailed on the NY.GOV website. Prestige has also put together a Return to Work packet that will help guide you in reopening your office.

# Frequently Asked Questions

Have there been any additional changes to how we calculate FTEs for loan forgiveness (since the initial guidance)? Or is it still calculating it by week?

- The FTE calculation is still an 8 week average (or 24 weeks if the 24 week covered period is selected. It is important to use the same methodology for calculating FTE's for the look back periods and the covered period.

When do I need to choose between the 8 week and the 24 week covered period?

- The covered period is chosen on the forgiveness application.

# Frequently Asked Questions

What if you had employees use FFCRA Emergency Paid Sick time? Is that an exception that won't reduce your loan forgiveness?

- Any wages using an FFCRA pay code will not be included in the calculation of payroll costs. This will not count as a wage reduction but will reduce the dollar amount of wages that will be included in the payroll costs.

How can you determine if you are eligible to use the EZ form without going through the tedious calculations per employee?

- Technically you need to. You need to be able to confirm that you have not had a reduction in FTE's or a reduction in salary of more than 25%. Most business may know this due to size but you will want the documentation should SBA choose to review your forgiveness application.

# Frequently Asked Questions

If a company is experiencing declining sales, would it be best to elect the 8 week covered period for loan forgiveness?

- The new application provides a safe harbor for businesses still impacted by restrictions due to Covid-19.

If I reduce the number of hours an employee works but pay the employee the same hourly wage, the employee will earn less during the covered period. Is this both an FTE reduction AND a wage reduction?

- This is only an FTE reduction. The wage reduction would only be an issue if the hourly rate was reduced by more than 25%. Otherwise you are penalized twice for the same reduction in hours.

# Frequently Asked Questions

If I choose the 24 week period, and I spend all of the money before the end of the period, can I apply for forgiveness before the covered period ends?

- You do not need to wait until the end of the 24 weeks to apply for forgiveness. They only issue it if you have reduced the salary by more than 25%, that reduction will be calculated for the full 24 weeks.

Can an employer be held liable if an employee tests positive for COVID-19 after returning to work?

- It's possible but it would be difficult to prove COVID-19 was contracted in the workplace. It's best to follow state and local guidelines for reopening your business to put your employees in a position to be safe and comfortable.

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# COVID-19 Client Communications

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# COVID-19 Communications

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- Today's presentation will be posted on our COVID-19 resource center located at [prestigepeo.com/covid-19](https://prestigepeo.com/covid-19)
- The weekly COVID-19 email update will deploy later this week
- Join us on [Facebook](#), [LinkedIn](#) and [Twitter](#) to receive frequent updates
- Stay tuned for an invitation to next weeks webinar



# COVID-19 Client Support



- Hear the latest on PPP and Returning-to-Work on our new “HR in15” podcast [prestigepeo.com/blogs](https://prestigepeo.com/blogs)
- Visit our resource center [prestigepeo.com/covid-19](https://prestigepeo.com/covid-19) for all things COVID-19
- Contact our support teams - HRBPs, Payroll, Benefits, Compliance, Workers’ Comp & Retirement Specialists - directly from our PrestigeGO mobile app.





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