

Navigating Through Uncertainty

PPP Flexibility Act of 2020: What It Means To You



WEBINAR #6

June 11, 2020

PPP Flexibility Act

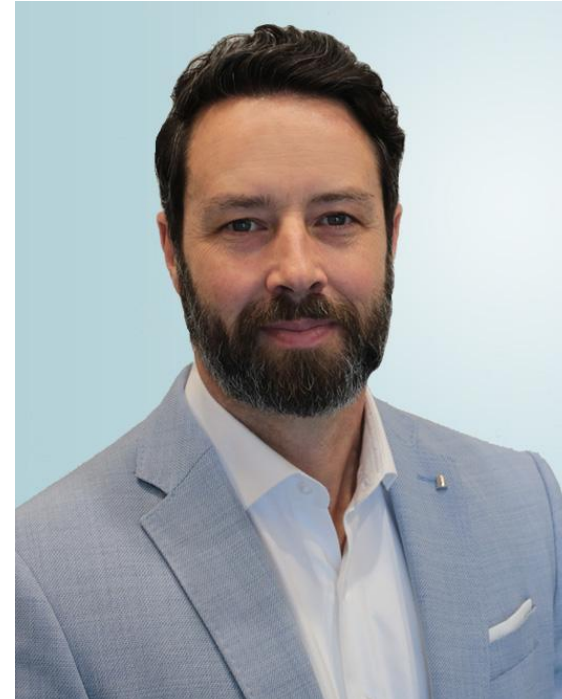
Andrea P. Sardone
Director



Introduction

Rob Klingensmith

*Partner
Consulting Line Leader
Today's Moderator*



Where do I go from here?



Meet Our Panelists



Daniel H. Yoo, CFP[®], CEPA[®]
Wealth Advisor
Certified Financial Planner
Certified Exit Planning Advisor



Nick Preusch, CPA, J.D., LLM
Tax Manager

PPP Flexibility Act of 2020

Daniel H. Yoo, CFP[®], CEPA[®]

*Wealth Advisor
Certified Financial Planner
Certified Exit Planning Advisor*



PPP Timeline



March 27th: CARES Act

PPP Opens

PPP Opens for Independent Contractors/Schedule C

PPP Refuel

PPP Timeline



PPP Flexibility Act
of 2020

Last Day for PPP Loan
Approvals

PPP Timeline

\$130 Billion

PPP Timeline

What's next?

“SBA, in consultation with Treasury, **will promptly issue** rules and guidance, a modified borrower application form, and a modified loan forgiveness application implementing these legislative amendments to the PPP.”

~ Joint Treasury and SBA statement on June 8, 2020

PPP Flexibility Act of 2020

Question #1

How long is my covered period for loan forgiveness?

Current loans: 8 or 24 weeks

New loans: 24 weeks, ending December 31 2020



PPP Flexibility Act of 2020

Question #2

How much of the covered loan amount must be used on payroll costs?

At least 60%



PPP Flexibility Act of 2020

Question #3

*When can I restore
FTE reduction to meet
the safe harbor?*

On or before December 31, 2020



PPP Flexibility Act of 2020

Question #4

Are there any exceptions to FTE reduction penalties on forgiveness?

3 additional exceptions...



PPP Flexibility Act of 2020

Question #5

How long do I have to repay the non-forgiven loan amount?

Current loans: Can extend repayment period with lender

New loans: 5 years



PPP Flexibility Act of 2020

Question #6

When is my first loan payment due?

When SBA determines forgiveness amount and remits to the lender



Loan Forgiveness

Nick Preusch, CPA, J.D., LLM

Tax Manager



Help With Loan Forgiveness

- Due to complexity with forgiveness, high client demand
- Formed team to help clients with the loan forgiveness process



How we're helping our clients



Loan Forgiveness Process

- Expect the process to be similar to an IRS audit
- Banks will scrutinize documents because they could be on the hook for money if not correct



Forgiveness Calculator



Paycheck Protection Program Loan Forgiveness Tool

Total Loan Amount	25,000.00
Qualified Costs - Potential Forgivable	42,166.65
FTE Reduction Impact on Forgiveness	\$0.00
Reduction in Wages Impact on Forgiveness	\$0.00
Estimated Loan Forgiveness	25,000.00
Estimated Remaining Loan Balance Post-Forgiveness	-
Minimum Amount Required for Payroll	18,750.00

* According to SBA, 75% of loan must go to payroll
However, we are awaiting further guidance on this.

This tool reflects our understanding of rules as of 4/22/2020. Additional guidance and/or legislation may change the inputs and outputs, so please monitor for future developments.

Documentation

PPP Loan Forgiveness Application Released: What Documents Businesses Should Maintain



As a large portion of PPP loans have been disbursed and more funds on their way to businesses in need, SBA and Treasury have now turned their attention to the forgiveness portion of the PPP program. SBA and Treasury released the official PPP loan forgiveness application for borrowers to submit at the end of their 8 week covered period.

One of the key takeaways from the application is what documents borrowers must maintain in order to qualify for forgiveness. The application requires businesses to gather the following documents:

Visit our blog at
www.pbmares.com/insights

Jerry Taylor Taylor Remodeling

- Cut Pay Levels –
By More Than 75%
- Expanded Workforce



Loan Repayment: \$80,000



Jerry's Outcome



- 8 Week vs. 24 Week Forgiveness Period
- Employee by employee impact on loan reduction
- Helped determine pay levels for employees
- Optimized safe harbors

Projected 100% Loan Forgiveness!!!

Peter Wall Landscaper

- Fewer average FTEs during these 8 weeks



Led to Peter Needing to Repay \$400,000+!!



Peter's Outcome



- Optimized how to calculate FTEs
- Created a plan to meet safe harbors while limiting cash flow impact
- Helped determine payroll amounts for 60% threshold

Peter's Outcome



- Plan 1 – Switch to 24 week period. Calculated amount of payroll needed during the 24 week period to obtain 100%
- Plan 2 – Stay at 8 week period. Meet FTE Safe Harbor

Both get Peter 100% Forgiveness!

Dr. Sienna Miller City Orthopedics

- Over \$1MM of qualifying costs during these 8 weeks, but...
60% were not payroll

Projected Loan - \$166,667



Sienna's Outcome



- No clear path to 100% forgiveness in 8 week period
- Determined payroll needed for 24 week forgiveness

With the 24 week period, able to get 100% forgiven!

Visit our COVID-19 Resource Center

www.pbmaries.com/covid-19-resource-center

Coronavirus (COVID-19) Resource Center

Home / Coronavirus (COVID-19) Resource Center

Helping You to Navigate Information

Given the rapidly changing news ranging from the federal, state and local government agencies, we have created this resource center to make it easy to find the information most relevant to your family and business. The information is from a variety of sources including insights from our trusted team of tax and business professionals. We understand this is a difficult time and we're here to help navigate these uncertain times.

Please visit this section often for regular updates on news and information.

PBMares COVID-19 Insights



CARES Act Webinar – Insights for Your Business

March 30, 2020



How the CARES Act Helps Non-Profits

March 28, 2020



How the CARES Act Directly Helps Individuals

March 27, 2020



Business Benefits Available, Courtesy of the CARES Act

March 27, 2020



Forgivable Small Business Loans – How the \$2 Trillion Stimulus Bill Can Help You

March 27, 2020



Plan Options for COVID-19 Impacted Businesses

March 26, 2020

CORONAVIRUS (COVID-19) RESOURCE LINKS

- > [PBMARES COVID-19 INSIGHTS](#)
- > [PBMARES COVID-19 NEWS](#)
- > [WORKING WITH US](#)
- > [FEDERAL & STATE UPDATES](#)
- > [RESOURCES FOR BUSINESSES](#)
- > [SUBSCRIBE TO OUR NEWSLETTER](#)

GET IN TOUCH: *Required

First Name* Last Name*

Questions





www.PBMares.com
QuickResponseTeam@PBMares.com

BALTIMORE FAIRFAX FREDERICKSBURG HARRISONBURG NEWPORT NEWS NORFOLK RICHMOND
ROCKVILLE WARRENTON WILLIAMSBURG