



Payroll Protection Program (Round 2)



PPP Expenses-Tax Impact

- Loan forgiveness has no impact on your profit loss statement
- Expenses used with loan proceeds are fully deductible
- No tax attribution reduction
- S-Corporation and partnerships will receive step up in basis once forgiveness is confirmed





PPP Second Draw-Overview

- \$284B allocated in newest CAA Bill
- Program expires March 31, 2021
- 300 Employee's or less
- Gross Receipts reduction of 25% or more in any 2020 quarter compared to that same 2019 quarter
 - If new business in 2019 or started by 2/15/2020-different rules
 - If started after 2/15/2020-quarterly reduction is not addressed
- Loans \$150k and less will receive simplified forgiveness application (1 page)



Gross Receipts Test

	2020	2019	Change	Qualified
Q1	100,000	110,000	-10%	No
Q2	75,000	100,000	-25%	Yes
Q3	150,000	100,000	50%	No
Q4	125,000	90,000	39%	No
Total:	450,000	400,000	N/A	N/A





PPP Second Draw Calculation

- Maximum loan amount \$2M
- 2.5x average monthly payroll costs (can use 2019 or 2020 payroll records)
- Seasonal employers-2.5x average monthly payroll costs
(12-week period selected between 2/15/19-2/15/2020)
- New entities-2.5x monthly payroll costs 2020
- Accommodation and food service industry-3.5x average monthly payroll





PPP Expenses (Additional)

- All previously covered expenses-utilities, payroll, interest still apply.
- 4 new types of expenses
 - Property damage costs due to rioting/looting
 - Supplier costs
 - Operational costs
 - Worker protection costs
- New covered costs apply for both Round 1 and Round 2 loans...except for loans already forgiven

**Still need to maintain minimum of 60% on payroll costs.



Forgiveness Application Changes & Covered Period



FORGIVENESS APPLICATION CHANGES

- Bill provided simplified forgiveness application for loans \$15,000 and less
- EIDL advances no longer will be deducted from borrower loan forgiveness
- Maintain employment records for 4 years (Audit)

COVERED PERIOD

- Starts on loan origination date
- Ends on the date selected by borrower
 - 8 weeks after origination date
 - 24 weeks after origination date
- Applies to Round 1 and Round 2 loans



QUESTIONS?