



The *Town of Dedham* presents

The SBA's Paycheck Protection Program & How to Apply

hosted by

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Call Agenda

Introduction to the PPP

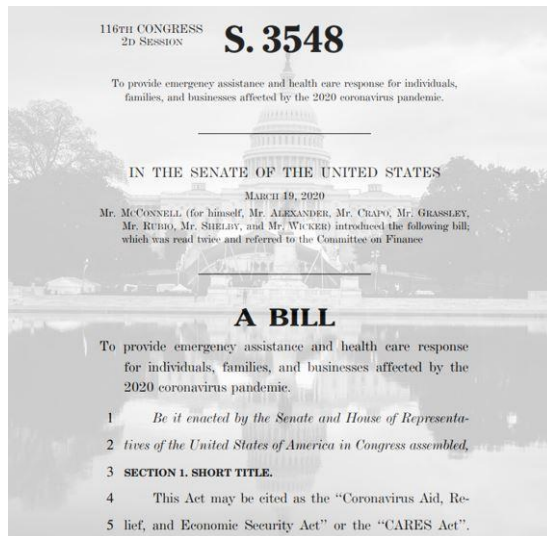
How to Apply

Additional Resources

Q & A



The Paycheck Protection Program



- Established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law on March 27
- Operated by the U.S. Small Business Administration (SBA)
- Administered by banks

**If you take nothing else away,
Contact Your Bank Today!**



How Much Is Available for the Program?

- Congress appropriated \$349 billion for the program
- Additional resources anticipated, but no guarantee at this time
- First come, first served



**Have I mentioned,
Contact Your Bank Today!**



What Banks Are Offering These Loans?

- You can apply through any existing SBA 7(a) lender or through any federally insured depository institution, and federally insured credit union that is participating. Other regulated lenders will be available to make these loans once they are approved and enrolled in the program.
- *You should consult with your local lender as to whether it is participating in the program.*
- You can also review a list of Massachusetts PPP lenders here: https://www.sba.gov/sites/default/files/articles/List_of_Mass_PP_Lenders_Updated_4_13_20_1.pdf
- Lenders began processing loan applications starting April 3.
- The program will be available until resources run out or through June 30, 2020.



What Is the Purpose of the Program?

- The PPP is a loan designed to provide a direct incentive for small businesses to **keep their workers on the payroll**.
- SBA will **forgive loans** if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities.





Who Is Eligible for the Program?



- Businesses and 501 (c) (3) nonprofit organizations with fewer than 500 employees and principal place of residence in the United States
- Self-employed, sole proprietors, independent contractors also eligible
- A few more complexities in the rule related to SBA's size standards and businesses in the Accommodations and Food Services industries



What Are the Loan Terms?

- Same for every bank and every borrower – no shopping necessary!
- 1.00% fixed interest rate
- Loan is due in two years
- Payments deferred for six months
- No prepayment penalty
- No borrower fees
- No personal guarantee or collateral needed





How Much Can You Borrow & What Can Be Forgiven?

- You may borrow up to **2.5 times average monthly payroll costs**, not to exceed \$10 million
- A borrower is eligible for **loan forgiveness** equal to the amount the borrower spent on the following items during the 8-week period beginning on the date the funds were disbursed:
 - Payroll costs, including benefits
 - Mortgage interest, obligations existing before February 15
 - Rent, obligations existing before February 15
 - Utilities

CRITICAL NOTE: Not more than 25% of the forgiven amount may be for non-payroll costs; at least 75% must be spent on payroll!



What May Reduce the Amount Forgiven?

The amount of loan forgiveness will be reduced if there is:

- a reduction in the employee headcount during the period, or
- a reduction of greater than 25% in wages paid to employees

What If I Bring Back Employees or Restore Wages?

Reductions in employment or wages that occur between February 15, 2020 and April 26, 2020 (as compared to February 15, 2020) shall not reduce the amount of loan forgiveness **IF** the borrower eliminates the reduction in employees or reduction in wages by June 30, 2020

NICE BONUS: Debt forgiveness under this program is not taxable



How Do You Calculate Payroll Costs?

- **Most borrowers** can calculate their average payroll costs using either the previous 12 months or from calendar year 2019
- For **seasonal businesses**, the applicant may use average monthly payroll for the period between February 15, 2019, or March 1, 2019, and June 30, 2019
- An applicant that **was not in business** from February 15, 2019 to June 30, 2019 may use the average monthly payroll costs for the period January 1, 2020 through February 29, 2020.



What Is Included in the Payroll Costs Calculation?

For purposes of this program, an employer's payroll costs **include**:

- Salary, wage, commission, or similar compensation
- Payment for vacation, parental, family, medical, or sick leave
- Payment for group health care and retirement benefits

Your payroll costs **do not include**:

- Compensation of an individual employee in excess of an annual salary of \$100,000 (note: full benefits still count)
- Employer portion of payroll taxes
- Any compensation of an employee whose principal place of residence is outside of the United States
- Qualified sick or family leave wages for which a credit is now allowed under the Families First Coronavirus Response Act



What Is Included in the Payroll Costs Calculation?

For sole proprietors, independent contractors, and self-employed individuals:

The sum of payments of any compensation to, or income of, a sole proprietor or independent contractor that is a wage, commission, income, net earnings from self-employment, or similar compensation and that is in an amount that is not more than \$100,000 in one year, as pro-rated for the covered period.





Helpful Documents to Gather

You may be asked to provide the following documents to your loan provider as part of the application process:

- Payroll processor records for a recent pay period (February 15, 2020)
- Payroll tax filings for 2019
- Other documentation to support payroll expenses such as bank records

You might find it helpful to gather the following documents as you calculate your loan amount:

- 2019 forms 940, 941, 944 & 1096 (if applicable)
- W2 for any employee paid over \$100k/year
- 1099s if applying as an independent contractor
- 1040 to include Schedule C & E if available
- Schedule SE used to calculate self-employment taxes



How to Apply

	2019	Average Monthly
Salaries, wages, commissions, vacation and sick pay	\$	\$
Less any employee outside the US	\$	\$
Less any compensation paid to a single employee over \$100k	\$	\$
Less qualified sick and family leave for which a credit is allowed under sections 7001 and 7003 of the FFCRA	\$	\$
Less FICA and unemployment taxes	\$	\$
Group Health Insurance	\$	\$
Retirement Benefit Costs	\$	\$
State/Local Taxes on Employee Compensation	\$	\$
<i>Subtotal</i>	\$	\$
Multiply subtotal by 2.5		\$



How to Apply

Here's the Start of the Application Form



Paycheck Protection Program Borrower Application Form

OMB Control No.: 3245-0407
Expiration Date: 09/30/2020

Check One: <input type="checkbox"/> Sole proprietor <input type="checkbox"/> Partnership <input type="checkbox"/> C-Corp <input type="checkbox"/> S-Corp <input type="checkbox"/> LLC <input type="checkbox"/> Independent contractor <input type="checkbox"/> Eligible self-employed individual <input type="checkbox"/> 501(c)(3) nonprofit <input type="checkbox"/> 501(c)(19) veterans organization <input type="checkbox"/> Tribal business (sec. 31(b)(2)(C) of Small Business Act) <input type="checkbox"/> Other		DBA or Tradename if Applicable	
Business Legal Name			
Business Address			
		Business TIN (EIN, SSN)	Business Phone
			() -
		Primary Contact	Email Address
Average Monthly Payroll:	\$	x 2.5 + EIDL, Net of Advance (if Applicable) Equals Loan Request:	\$
Number of Employees:			
Purpose of the loan (select more than one):			
<input type="checkbox"/> Payroll <input type="checkbox"/> Lease / Mortgage Interest <input type="checkbox"/> Utilities <input type="checkbox"/> Other (explain): _____			

Only 2 pages! You Can Do This!



Additional Resources

- [SBA's Coronavirus Relief Options](#)
- [SBA's Paycheck Protection Program](#)
- [SBA's PPP Loan Application](#)
- [SBA's PPP Frequently Asked Questions](#)
- [SBA's PPP Interim Final Rule](#)
- [Southeastern MA SCORE Resources](#)



Additional Resources

- [Economic Injury Disaster Loan Emergency Advance \(EIDL\)](#)
 - Emergency advance up to \$10,000 (forgivable)
 - Loan maximum up to \$2 million – based on actual economic injury
 - Can be refinanced into your PPP
 - [Helpful article and chart comparing PPP & EIDL](#)
- [Employee Retention Credit](#)
 - Refundable tax credit equal to 50% of qualified wages paid
 - Not eligible to be used jointly with the PPP
- [Delay of Payment of Employer Payroll Taxes](#)
- [Unemployment Benefits](#)
 - Expanded to self-employed, part-time, and contract workers
 - Application process varies by state



I'm happy to answer any questions you may have!

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