

# PPP Forgiveness

## Webinar Q&A Transcript

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Center for Cultural Innovation

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### **Q. Where can I download the PPP Forgiveness Application?**

A. <https://www.sba.gov/sites/default/files/2020-05/3245-0407%20SBA%20Form%203508%20PPP%20Forgiveness%20Application.pdf>

## **DETERMINING PAYROLL EXPENSES**

**Q. After we applied for the PPP, the rules changed, and now, we cannot apply the funds to independent contractors. It sounds like if we have \$0 applied to payroll, then we automatically cannot apply the 40% toward utilities and have the loan forgiven. Is that correct?**

A. In order to get the PPP forgiven, at least 60% of it needs to be allocated towards payroll, otherwise it won't be forgiven.

**Q. What about for sole proprietors whose primary forgivable expense is payroll costs? I had gone into this expecting 75% of the loan to be used for self-employment income. Does that mean I can now ONLY forgive 60%, or is it still possible to do 75%?**

A. You can still do 75%, or even up to 100% if you so choose. The minimum requirement is 60% based on the new guidelines assuming the President signs this into law

**Q. Can more than 75% of funds be used for payroll?**

A. Yes, you can use up to 100% towards payroll.

**Q. We are a non-profit, our teachers were Independent Contractors (1099s) until March, and on April 1st were moved to being two full time and two part time employees. PPP was funded on May 1st. How can we prove the February 15th information?**

A. Bank statements from where the money was paid to your Independent Contractors, as well as any checks, invoices or digital receipts that are dated prior to 2/15/20 will suffice.

**Q. Do these FTE calculations apply just to the period of the loan? (My employee's hours vary depending on time of year.)**

A. Yes. These calculations apply to the period of the loan.

**Q. What if I'm not an owner but run the nonprofit as admin? Can I still add my compensation?**

A. Were you on your nonprofit's payroll? If so, assuming you were on payroll as of 2/15/20, your compensation can be added.

## **NON-PAYROLL EXPENSES**

**Q. Does workers compensation insurance count?**

A. Unfortunately, no. Worker's comp insurance does not count as a forgivable expense.

## **TIMING OF ELIGIBLE EXPENSES**

**Q. We received money May 14, and paid payroll for May 1-15 with that money, on May 16. Is that okay?**

A. Payroll can be counted as long as the payroll comes AFTER the date that the loan was deposited into your account. If the payroll was run after 5/14 then, yes, this will count towards that 60% minimum payroll loan allocation.

**Q. Our rent is due on the 1st of the month, and it's paid via ACH. They only withdraw the funds around the 3rd of the month. My 8 weeks ends on July 2nd. If the rent is withdrawn only on the 3rd, can it still count for the non-payroll portion?**

A. I suggest moving that withdrawal before your 8 week period ends by a day or two.

## **PPP, EIDL & EIDG**

**Q. I JUST got an email from the SBA Economic Injury Disaster Loan [EIDL] Application that I filled out months ago saying I was preliminarily approved for a loan. I have been unable to get a PPP loan as my bank and other banks have said they are not accepting new applications. Is the SBA loan forgivable in the same way as the PPP loan is? Should I not get the SBA Loan and try to get the PPP loan?**

A. The SBA EIDL is not forgivable as of now, while the PPP loan is. Since the PPP application date closes 6/30/20, you still have an opportunity to find an eligible lender to apply for the PPP loan should you choose to do so.

**Q. What's the difference between the EIDL and EIDG? How does receiving EIDG impact PPP forgiveness?**

The only way anyone can receive the \$1000 EIDG (the grant) is by applying for the EIDL (the loan). You may not even receive the EIDL loan, which is fine. The EIDG (grant) is completely forgivable, however, the EIDG amount you received will offset the amount you received for PPP. You will need to subtract from your PPP loan what you received in total EIDG (grants). That net amount is what you can get forgiven.

I.e., if your PPP loan = \$5000 and EIDG = \$1000, you can only get \$4000 of the PPP loan forgiven.

**Q. We received \$10K in EIDL funds. I don't understand yet if that is forgiven or must be repaid.**

A. If this was the actual loan and not the grant, the EIDL (loan) must be re-paid. The EIDG (grant) is 100% forgiven.

**Q. Do you know if you have to apply for EIDL/G forgiveness, or does that just happen automatically if you received it?**

A. EIDG gets automatically forgiven. The EIDL loan itself must be repaid.

## **APPLYING FOR PPP**

**Q. Is there a list of PPP loan providers who might be good to reach out to? UnionBank is my bank and they have said they are not accepting new applicants.**

A. Yes. You can easily Google who the PPP approved lenders are, or check the [SBA Find Eligible Lenders page](#). For a quicker response, apply through a smaller, more regionalized bank. You don't necessarily need to be a member or customer of that bank either, some will simply act as a loan administrator for the PPP loan. Other resources include:

- [PayPal through LoanBuilder](#) (direct)
- [Kabbage](#) (matching service)
- [Fundera](#) (matching service)
- [Lendio](#) (matching service)

**Q. If I have no employees at the moment due to covid. Can I benefit by PPP?**

A. Yes. It is all contingent on how you apply for the PPP--as a business (i.e. S Corp, LLC) or as self-employed/independent contractor.

[SBA PPP application form](#)

**Q. I run a music event that happens on a ship, which probably won't happen until 2021 due to covid. What do I do with all this SBA information? Can I take it to my credit union? I'm a sole proprietor.**

A. You can apply for PPP as a sole proprietor through an approved SBA lender. You may want to check whether or not your credit union is an approved lender (see [SBA Find Eligible Lenders page](#)). I definitely suggest applying for any help you can get so you can stay afloat until things open back up.

**Q. My business is a mask making cottage industry. Can I apply for PPP?**

A. You don't need to be a registered business entity to apply for the PPP loan.

[SBA PPP application form](#)