



SKR+CO WEBINAR SERIES

JUN 09 | Congressional Changes to PPP Loan Forgiveness



Welcome + Webinar Tips



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Marketing + Client
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Webinar Facilitator

- This slide deck is available in GTW and will be posted to this website: www.skrco.com/coronavirusupdates
- Attendees are in listen-only mode.
- Webinar is being recorded.
- Question Panel:
 - Please post using the question panel.
 - We will pause to answer questions periodically.
 - There will be time for questions at the end as well.
- Additional questions – communications@skrco.com

Agenda



Welcome and brief SKR+CO overview



Changes in the PPP Flexibility Act



Latest SBA “interim final rules”



Tax deadlines and planning



Q + A

Stockman Kast Ryan + Company



**A TOP ACCOUNTING FIRM,
MOUNTAIN REGION**

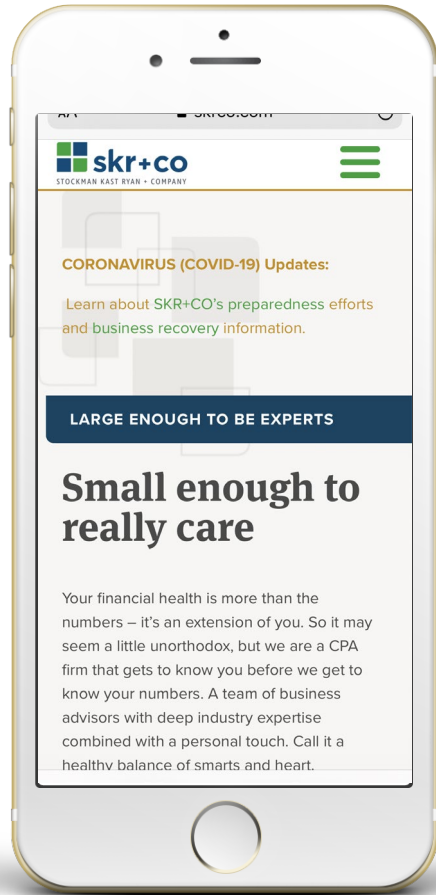
Accounting Today
2017, 2018, 2019, 2020

- Business + Individual Tax
- Audit + Assurance
- Bookkeeping + QuickBooks
- Interim CFO Services
- Estate + Trust Planning
- Litigation Support
- Business Advising
- Business Valuations

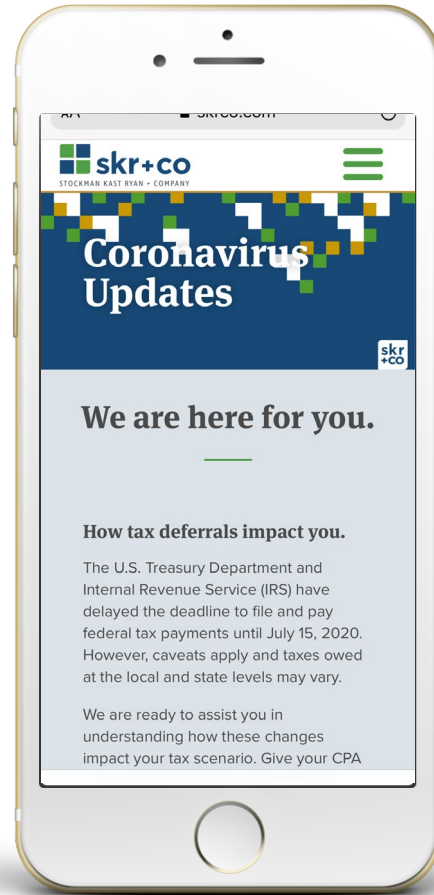
Committed to This Community



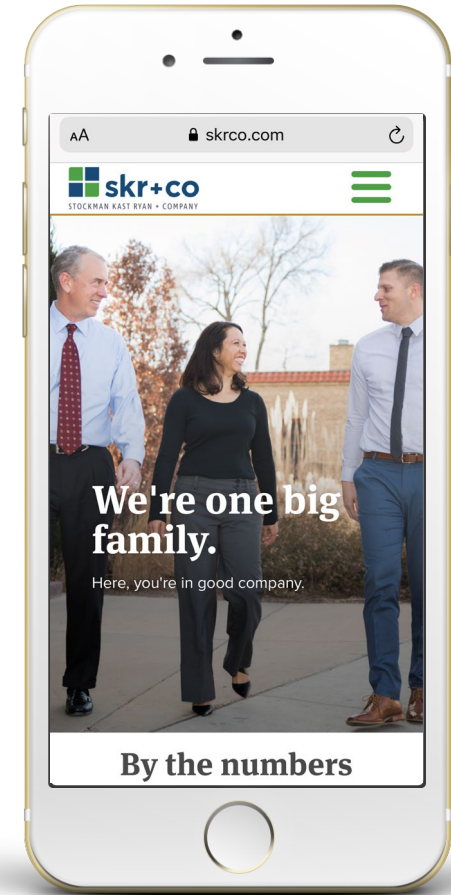
SKR+CO and Coronavirus Updates



Communication Channels



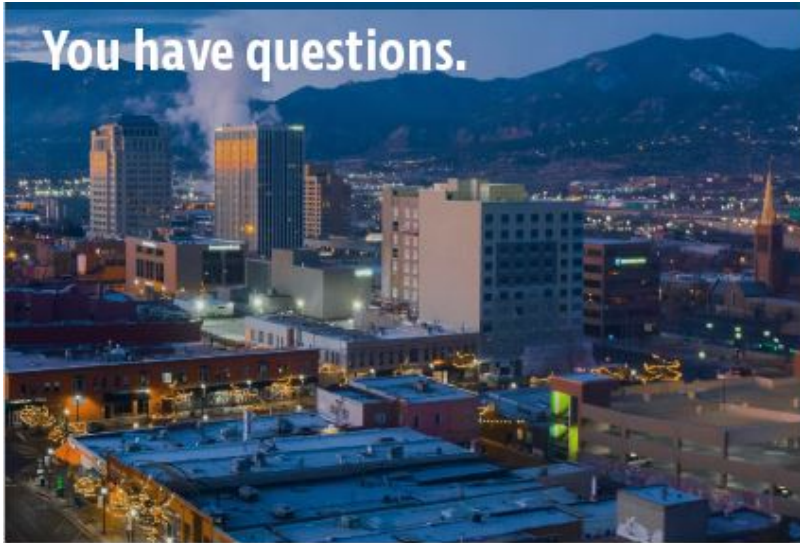
Coronavirus Updates



SKR+CO Operations

PPP Forgiveness Support Team

You have questions.



We have answers.

- Reviewing or completing applications
- Preparing or reviewing calculations
- Minimizing forgiveness reductions
- Understanding documentation rules
- Balancing EIDL + PPP programs
- Layering PPP with FMLA + unemployment
- Maximizing federal and local relief funding
- Determining exit strategies
- Timing rehires and loan repayments
- Forecasting for business continuity
- Planning for post-COVID cashflow

If you have a specific question for the PPP Team please reach out to them at communications@skrco.com



PPP FORGIVENESS SUPPORT TEAM

When every business is different, every question is unique and every answer is essential to meeting strict guidelines, feel confident turning to your team of experts well-versed in the latest business recovery information.

Team members include:

- Jordan Empey, Tax Partner
- Anna Stepan, Senior tax manager
- Jason Raak, Tax Manager
- Alaine Lubin, Senior Business Advisor

For assistance with PPP loan programs or other business relief initiatives tied to COVID-19 interruptions, please contact 719.630.1186 or communications@skrco.com.

Today's Speaker and Q+A Support



Jordan Empey, CPA

Tax Partner



Anna Stepan, CPA

Senior Tax Manager



Jason Raak, CPA

Tax Manger

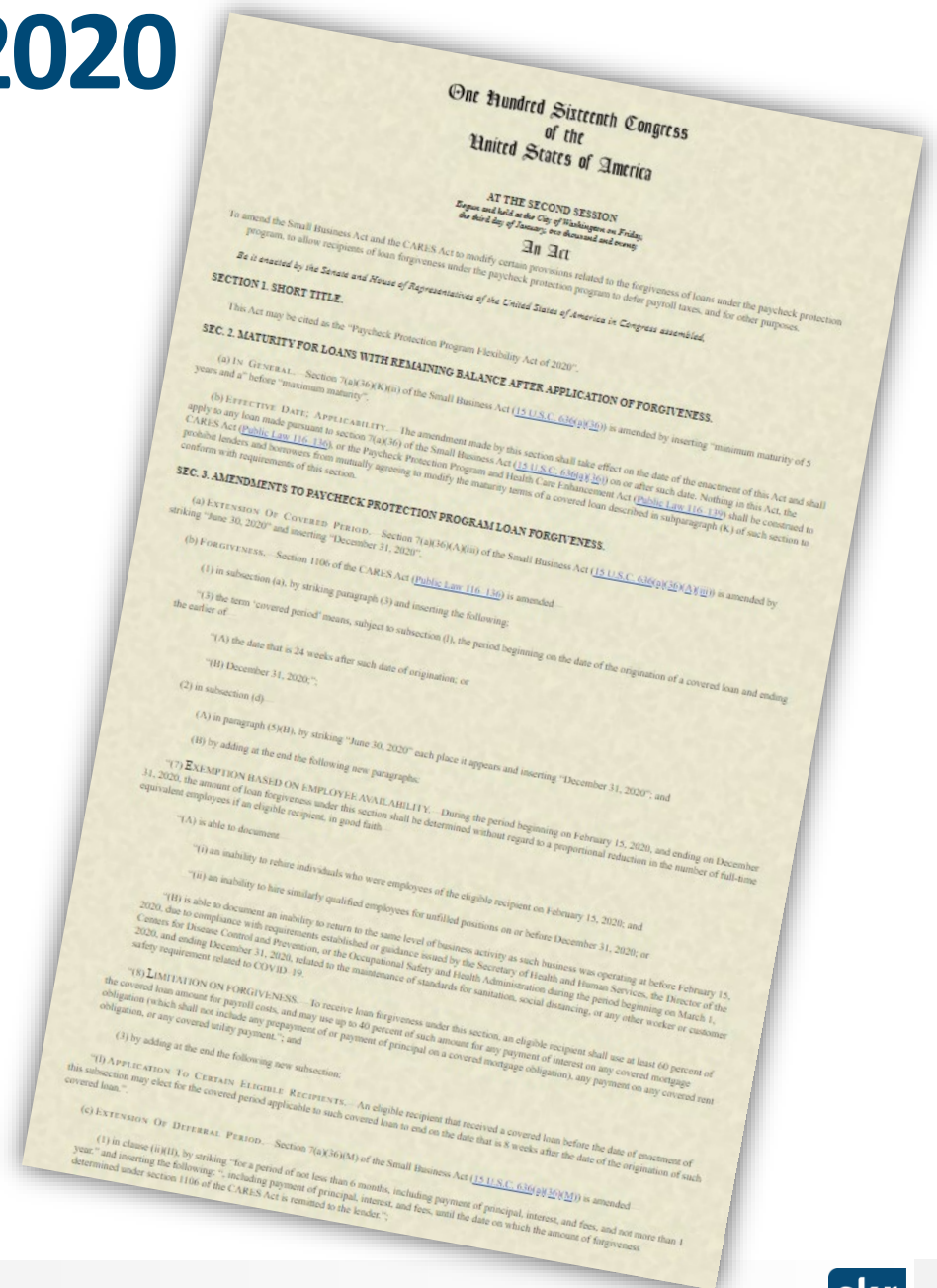


PPP Flexibility Act

Congress changes key components of
Paycheck Protection Program

PPP Flexibility Act of 2020

- 1,173 words upend major aspects of PPP Loan Forgiveness
- Designed to provide broader forgiveness to business owners
- Became law on June 5, 2020



Congressional Changes in the PPP Flexibility Act

One	Two	Three	Four	Five
Maturity for loans with remaining balance after application for forgiveness changed from two years to five years.	Extension of the covered period changed from 8 weeks and June 20, 2020 to 24 weeks or Dec 31, 2020, whichever is earlier.	Exemptions based on employee availability, extends timeframe on rehiring FTEs to December 31, 2020.	Limitation on forgiveness on non-payroll costs changed from 75/25 to 60+/40 , but new caveats apply.	Delay of payment of employer payroll taxes.

PPP Loan Maturity with Remaining Balance

One

- Expansion of the loan period from two years to five years
- Pertains to remaining balance on loans after forgiveness has been applied

Extension of the Covered Period

Two

- Expansion of the eight-week period within which to use PPP loan funds to 24 weeks
- Election to use eight-week period
- Covered period and alternative payroll covered period?

Full-Time Equivalent Levels

Three

- Changing the June 30, 2020 **rehire** deadline to December 31, 2020
- Dealing with workers rejecting a good faith offer to rehire

Full-Time Equivalent Levels, cont.

New exemptions based on employee availability:
If an eligible PPP loan recipient, in good faith,

- Is able to document **an inability to rehire** individuals who were employees of the eligible recipient on February 15, 2020

AND

- An **inability to hire similarly qualified** employees for unfilled positions on or before December 31, 2020

OR

- Is able to document **an inability to return to the same level of business activity** as such business was operating before February 15, 2020 **due to compliance** with requirements established or guidance issued by HHS, CDC or OSHA during the period beginning Mar 1, 2020 and ending Dec 31, 2020, related to COVID-19 safety requirements.

Forgiveness on Non-payroll Costs

Four

- Change from a 75%/25% expenditure allocation to 60%/40%
- Eligible and noneligible payroll costs
- Bonus payments and hazard pay as payroll
- What expenses count as covered utility payments?

Joint Statement with Treasury and SBA

- June 8, 2020 statement clarified 60% cliff concerns:

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.

Employer Payroll Taxes

Five

- Eliminates a provision that makes a paycheck protection loan recipient ineligible to take the payroll tax deferral.
- A borrower may defer the employer's 6.2% share of 2020 Social Security tax burden into 2021 (50%) and 2022 (50%).

A hand is shown holding a dark blue, reflective sphere. The sphere has a bright blue highlight in the center. The background is a gradient of blue. The text 'SBA Guidance' is overlaid on the left side of the image.

SBA Guidance

Interim final rules

Clarification Needed from SBA



- Compensation limits per employee:
 - Will limits increase in proportion to the increased covered period (i.e., \$15,385 to \$46,153)?
- How will this impact owners?
- What is the timing for borrowers to apply for forgiveness? Can you elect early?
- What impact will changes have on filing 2020 tax returns?



Tax Deadlines

Planning for the upcoming deadlines

Tax Deadlines + PPP Impact on 2020



- July 15, 2020
- Extensions
- First and second quarter payments
- Funding 401ks, HSAs, IRAs

Question + Answer



Upcoming Webinars

TBD | Pending additional SBA guidance

- Presented by Jordan Empey, CPA



Registration links will be posted at skrco.com/client-center/CoronavirusUpdates