



# Paycheck Protection Program (PPP)

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## Loan Forgiveness Guide\*

- Feel free to forward to anyone you believe could benefit from this information -

### PPP Loan Forgiveness is Possible with the Right Documentation

The best part of the Paycheck Protection Program is that 100% of the loan can be forgiven—if you meet certain criteria. Here is guidance on setting yourself up for full loan forgiveness.

This guide reflects the most up to date guidance from the Small Business Administration on June 5, 2020.

#### Time Equipment Company is the Essential Element for Managing Your PPP Loan

**Measuring Full-Time Equivalent Employees (FTE):** To get the full amount of loan forgiveness, businesses must determine the average number of FTEs for a variety of periods:

- Average FTE 8 weeks following Loan Disbursement
- Average FTE February 15, 2019 to June 30, 2019
- Average FTE January 1, 2020 to February 29, 2020.

**Time Equipment Company delivers reports calculating your FTEs for these various time periods so you can be eligible for the maximum loan forgiveness.**

For more than 90 years, you have relied on us for compliance with the Fair Labor Standards Act, Family Medical Leave Act, Affordable Care Act, and local requirements for mandatory sick time, overtime, and fair scheduling. You can continue to depend on Time Equipment Company now.

#### The Conditions of the Paycheck Protection Program

The loan amount is based on your average monthly payroll cost for 2019. You can receive 2.5 times that amount, to help cover eight weeks of payroll.

**The funds from the PPP can be used for the following purposes:**

- Payroll—salary, wage, vacation, parental, family, medical, or sick leave, health benefits
- Mortgage interest—as long as the mortgage was signed before February 15, 2020
- Rent—as long as the lease agreement was in effect before February 15, 2020
- Utilities—as long as service began before February 15, 2020

All expenses that fall under those categories are eligible for forgiveness

\*This document simplifies complex Acts as it is understood by Time Equipment Company. It is not to be taken as legal advice. The regulations for this program are changing. For further information about the Paycheck Protection Program please visit [www.sba.gov](http://www.sba.gov) or [www.coronavirus.gov](http://www.coronavirus.gov).



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### The following conditions all apply for PPP Loan Forgiveness:

#### 1. Twenty-four Weeks of Coverage

Eligible expenses are those which incurred over 24 weeks, starting from the loan disbursement day by your lender. This is not necessarily the date on which you signed your loan agreement.

#### 2. The 60/40 Rule

At least 60% of your loan must be used for payroll costs. Payments to independent contractors cannot be included in the payroll costs.

#### 3. Staffing Requirements

You must maintain the number of employees on your payroll. Here is the calculation you can use to determine if you've met this requirement:

First, determine the average number of full-time equivalent employees you had for:

- The 8-week period following your initial loan disbursement, (A)
- February 15, 2019 to June 30, 2019, (B1)
- and January 1, 2020 to February 29, 2020. (B2)

Take A and divide that by B1. Do the same with B2. Take the largest number you obtain. If you're a seasonal employer, you must divide by B1.

- If you get a number equal to or larger than 1, you successfully maintained your headcount and meet this requirement.
- If you get a number smaller than 1, you did not maintain your headcount and your forgivable expenses will be reduced proportionately.

#### 4. Pay Requirements

**You must maintain at least 75% of total salary.**

This requirement will be individually assessed for every employee that did not receive more than \$100,000 in annualized pay in 2019.

If the employee's pay over the 8 weeks is less than 75% of the pay they received during the most recent quarter in which they were employed, the eligible amount for forgiveness will be reduced by the difference between their current pay and 75% of the original pay.

#### 5. Rehiring Period

You can rehire any staff that were laid off or put on furlough and reinstate any pay that was decreased by more than 25% to meet the requirements for forgiveness. You have until December 31st to do so.

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### Recordkeeping and Required Documents for PPP Loan Forgiveness

These are the required documents anticipated companies provide with your PPP forgiveness application. Your Lender may require additional documentation

- Documents verifying the number of full-time equivalent employees on payroll and their pay rates, for the periods used to verify you met the staffing and pay requirements:
  - Documentation showing the full-time equivalent status of each employee.
  - Payroll reports from your payroll provider
  - Payroll tax filings (Form 941)
  - Income, payroll, and unemployment insurance filings from your state
  - Documents verifying any retirement and health insurance contributions
- Documents verifying your eligible interest, rent, and utility payments (canceled checks, payment receipts, account statements)

If you are a sole proprietor, you can have eight weeks of the loan forgiven as a replacement for lost profit. However, you need to provide documentation for the remaining two weeks worth of cash flow, proving it is spent on mortgage interest, rent, lease, and utility payments.

Good record keeping and bookkeeping is critical for getting your loan forgiven—you need to keep track of eligible expenses and their accompanying documentation over the eight weeks. Your lender will likely require these documents in digital format, so take the time to scan any paper documents and keep backups of your digital records.

**Time Equipment Company delivers reports calculating your FTEs so you can be eligible for the maximum loan forgiveness.**



Click [HERE](#) to contact us about getting the proper documentation for your PPP Loan Forgiveness or for more information go to [timeequipment.com](http://timeequipment.com).

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