



Paycheck Protection Program

Payality's PPP Loan Forgiveness Guide

Paycheck Protection Program
Loan Forgiveness Application Revised June 16, 2020

OMB Control Number 3245-0407
Expiration Date: 10/31/2020

PPP Loan Forgiveness Calculation Form

Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
Business Address		Business TIN (EIN, SSN)	Business Phone
		Primary Contact	E-mail Address

SBA PPP Loan Number: _____ Lender PPP Loan Number: _____

PPP Loan Amount: _____ PPP Loan Disbursement Date: _____

Employees at Time of Loan Application: _____ Employees at Time of Forgiveness Application: _____

EIDL Advance Amount: _____

Payroll Schedule: The frequency with which payroll is paid to employees is:

Weekly Biweekly (every other week)

Covered Period: _____

Alternative Payroll Covered Period, if applicable: _____

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:

Forgiveness Amount Calculation:

Payroll and Nonpayroll Costs
Line 1. Payroll Costs (enter the amount from _____)

Paycheck Protection Program
PPP Loan Forgiveness Application Form 3508EZ

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SBA PPP Loan Number: _____ Lender PPP Loan Number: _____

PPP Loan Amount: _____ PPP Loan Disbursement Date: _____

Employees at Time of Loan Application: _____ Employees at Time of Forgiveness Application: _____

EIDL Advance Amount: _____ EIDL Application Number: _____

Payroll Schedule: The frequency with which payroll is paid to employees is:

Weekly Biweekly (every other week) Twice a month Monthly Other _____

Covered Period: _____ to _____

Alternative Payroll Covered Period, if applicable: _____ to _____

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:

Forgiveness Amount Calculation:


DISCLAIMER

This guide is being provided for informational purposes. Final decisions regarding loan forgiveness are at the sole discretion of the lender and SBA. The SBA guidance referenced is subject to, and will likely, change. This guide should not be considered legal, accounting, investment or fiduciary advice. Clients should consult their attorney or other professional advisor.

3508 EZ Simplified Loan Forgiveness Application

Borrower's who meet any of the following criteria may use the EZ application form that requires far less reporting:

- Are self-employed and have no employees; OR
- Did not reduce the salaries or wages of their employees by more than 25%, and did not reduce the number or hours of their employees (Use Payality's Loan Forgiveness Report detailed on page 15 to determine if you qualify); OR
- Experienced reductions in business activity as a result of health directives related to COVID-19 and did not reduce the salaries or wages of their employees by more than 25%.



Paycheck Protection Program
PPP Loan Forgiveness Application Form 3508EZ

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Business Legal Name ("Borrower")		DBA or Tradename, if applicable	
Business Address		Business TIN (EIN, SSN)	Business Phone
		() -	
		Primary Contact	E-mail Address

SBA PPP Loan Number: Lender PPP Loan Number:

PPP Loan Amount: PPP Loan Disbursement Date:

Employees at Time of Loan Application: Employees at Time of Forgiveness Application:

EIDL Advance Amount: EIDL Application Number:

Payroll Schedule: The frequency with which payroll is paid to employees is:

Weekly
 Biweekly (every other week)
 Twice a month
 Monthly
 Other

Covered Period: to

Alternative Payroll Covered Period, if applicable: to

If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here:

Forgiveness Amount Calculation:

Loan Forgiveness Considerations

Use of Loan during 24-week period

Loans received before June 5th have option of using 8-week covered (or alternative) period.

Full-Time Equivalency Count before and during 24-week period(or by December 31, 2020 or at time of loan forgiveness application if before Dec 31)

Average earnings comparison from QTR 1 2020 to 24-week period to determine wage reductions of 25% or more for any employee

Use of Loan

The Loan Amount eligible for forgiveness is reduced by the amount of the EIDL Emergency Loan Advance received (up to \$10,000)

60% or more on Payroll Cost

- Gross Wages
 - Capped at \$46,154 per employee (\$15,385 if using the 8-week covered period)
 - If the owner of the business is paid as an employee, their wages are capped at their total 2019 wages divided by 12 times 2.5 or \$20,833, whichever is less. For example: The owner had wages of \$72,000 in 2019. $\$72,000 / 12 = \$6,000$ times 2.5 = \$15,000 (Capped at \$15,385 if using 8-week covered period and annual salary times 8 then divided by 52, whichever number is less)
 - FFCRA Emergency Sick Pay or Extended Family Medical Leave Pay cannot be included in gross wages
- State Unemployment Insurance
- Employers Cost of Employee Health Insurance Premiums
- Employers Contribution to Retirement Plan

Up to 40% on other eligible expenses (in place before Feb 15, 2020)

- Mortgage Interest
- Rent
- Utilities

24-Week Covered Period

(or up December 31, 2020)

Two Options Available



Covered Period – Starts on the day the PPP loan was deposited. Includes check dates that occur within the 168-day covered period except for the final check date that can include wages earned through the end of the 168-day period. For example: Loan was deposited on May 1. The 168-day covered period is May 1 - October 15. All check dates during this period plus the last check date paid after June 25 for wages earned up to October 15.



Alternative Covered Period – This option is only available for businesses with a bi-weekly or weekly pay frequency. Starts on the first day of the pay period after the loan was deposited. Includes check dates for pay periods that occur within the 168-day period except for the final check date that can include wages earned through the end of the 168-day period. For example: Loan was deposited on May 1 and the beginning date of the next pay period is May 10. The 168-day alternative covered period is May 10 - October 25. All Check dates for pay periods during this period plus the last check date paid after October 25 for wages earned up to October.



[The Paycheck Protection Program Flexibility Act](#) was signed into Law on June 5, 2020. The Treasury Department will issue new interim final rules in response to the changes enacted by the new law on June 19, 2020. Two new loan forgiveness applications were released on June 16, 2020 including a simplified [EZ application](#) with [instructions](#) and [Full Application](#) with [instructions](#)

PPP Payroll Cost Reports

Payality has created reports to track the payroll cost over the 8-week or 24-week covered period

PPP Payroll Cost – Employee Detail

The reports shows the wages earned over the covered period and then calculates if an employee has earned above the 24-week wage cap of \$46,154 (a separate report for those choosing the 8-week covered period that caps wages at \$15,385 is also available).

The report then provides all eligible earnings, state unemployment, 401k employer match, subtracts any COVID-19 Sick or FMLA payments and then provides the eligible payroll cost used to determine forgiveness.

PAYALITY DEMO INC (80000)

PPP Payroll Cost- Employee Detail: 4/20/2020-6/19/2020

Employee Name	Employee ID	CheckDt	Hours	Earnings	Above CAP	Eligible Earnings	State/Local ER Tax	401K Employer	CVD Reg	CVD CARE	CVD FMLA	Eligible Payroll Cost
James Smith	85											
		04-20-2020	88.50	\$2,453.94	\$0.00	\$2,453.94	\$2.05	\$61.35	\$0.00	\$0.00	\$0.00	\$2,515.29
		05-05-2020	88.50	\$2,453.94	\$0.00	\$2,453.94	\$0.00	\$61.35	\$0.00	\$0.00	\$0.00	\$2,515.29
		05-20-2020	88.00	\$2,433.21	\$0.00	\$2,433.21	\$0.00	\$60.83	\$0.00	\$0.00	\$0.00	\$2,494.04
		06-05-2020	80.25	\$2,222.37	\$0.00	\$2,222.37	\$0.00	\$55.56	\$0.00	\$0.00	\$0.00	\$2,277.93
		06-19-2020	88.00	\$2,436.66	\$0.00	\$2,436.66	\$0.00	\$60.92	\$0.00	\$0.00	\$0.00	\$2,497.58
James Smith Totals:			433.25	\$12,000.12	\$0.00	\$12,000.12	\$2.05	\$300.01	\$0.00	\$0.00	\$0.00	\$12,300.13
Chris Huerta	93											
		04-20-2020	86.67	\$10,517.25	\$0.00	\$10,517.25	\$0.00	\$195.50	\$0.00	\$0.00	\$0.00	\$10,712.75
		05-05-2020	86.67	\$10,517.25	\$0.00	\$10,517.25	\$0.00	\$195.50	\$0.00	\$0.00	\$0.00	\$10,712.75
		05-20-2020	86.67	\$10,517.25	\$0.00	\$10,517.25	\$0.00	\$195.50	\$0.00	\$0.00	\$0.00	\$10,712.75
		06-05-2020	86.67	\$10,517.25	\$0.00	\$10,517.25	\$0.00	\$195.50	\$0.00	\$0.00	\$0.00	\$10,712.75
		06-19-2020	86.67	\$10,517.25	\$6,432.25	\$4,085.00	\$0.00	\$195.50	\$0.00	\$0.00	\$0.00	\$4,280.50
Chris Huerta Totals:			433.35	\$52,586.25	\$6,432.25	\$46,154.00	\$0.00	\$977.50	\$0.00	\$0.00	\$0.00	\$47,131.50
Grand Totals:			27799.55	\$972,985.51	\$12,864.50	\$960,121.01	\$484.83	\$13,448.94	\$0.00	\$0.00	\$0.00	\$974,054.78

PPP Payroll Cost Reports on Payality Online

PPP Payroll Cost – Employee Detail.

From Reporting Menu, Type PPP Payroll in Title then Click Search.

Click on [PPP PayrollCost – EmployeeDetail link](#) (if you have chosen the 8-week covered period click on the [PPP Payroll Cost – 8 Week – Employee Detail link](#)

Home Documents ESS Employee HR **REPORTING** Payroll Company Time & Attendance System

STANDARD REPORTS Report Writer Saved Company Reports My Reports My Completed Reports

Category Title Report Type Search

Sub Category Tag Report ID Show All

REPORT TITLE	DESCRIPTION
PPP Payroll Cost - 8 week - Employee Detail	For clients that will be using the 8 week forgiveness period, this...
PPP PayrollCost - EmployeeDetail	Payment Protection Program Report - Employee Detail. 6/18/20 Upda...

Finally, choose the begin and end date of the chosen covered period

Date Selection

Most Recent Pay Period

Override Dates

Begin Date End Date

Custom Begin Date Custom End Date

- 05/22/2020 - 2020052201
- 05/08/2020 - 2020050801
- 04/24/2020 - 2020042401**
- 04/10/2020 - 2020041001
- 03/27/2020 - 2020032701
- 03/13/2020 - 2020031301

Full-Time Equivalency (FTE) Employee Counts

Full-Time Equivalency (FTE) Calculation – Average hours per week for each employee divided by 40 and rounded to the nearest 10th (capped at 1.0). For Example: An employee is averaging 24.05 hours per week over the covered period: $24.05/40 = .60125$, rounded to the nearest 10th = .6

The FTE for the 24-week period is compared to the FTE for either Feb 15, 2019 – Jun 30, 2019 or Jan 1, 2020 – Feb 29, 2020 (Client chooses)

For Seasonal Employers it can be any 12-week period between May 1, 2019 and September 15, 2019.

FTE Reduction Exceptions

FTE Count will not be reduced for the following Events

- The Borrower made a good-faith, written offer to rehire an individual who was an employee on February 15, 2020 and the Borrower was unable to hire similarly qualified employees for unfilled positions on or before December 31, 2020
- Any positions for which the Borrower made a good-faith, written offer to restore any reduction in hours, at the same salary or wages, during the Covered Period or the Alternative Covered Period and the employee rejected the offer
- Any employees who during the Covered Period or the Alternative Payroll Covered Period (a) were fired for cause, (b) voluntarily resigned, or (c) voluntarily requested and received a reduction of their hours.

Additional Safe Harbor Exceptions

- Borrower is unable to operate between February 15, 2020, and the end of the Covered Period at the same level of business activity as before February 15, 2020 due to compliance with requirements established or guidance issued between March 1, 2020 and December 31, 2020, by the Secretary of Health and Human Services, the Director of the Centers for Disease Control and Prevention, or the Occupational Safety and Health Administration related to the maintenance of standards for sanitation, social distancing, or any other worker or customer safety requirement related to COVID-19
- Borrower reduced its FTE employee levels in the period beginning February 15, 2020, and ending April 26, 2020; and (b) the Borrower then restored its FTE employee levels by not later than December 31, 2020 to its FTE employee levels in the Borrower's pay period that included February 15, 2020.

FTE Reports

The PPP Loan Forgiveness report calculates both FTE and the wage reduction. Part 1 (shown here) calculates the following forgiveness criteria:

1. Compensation during covered period (to determine if any employee has received more than the allowable cap)
2. Hire/Term Date to identify possible FTE exceptions
3. Average Hours Per Week
4. FTE Value based on SBA's New Formula with total FTE count at the bottom.

FTE Count for covered period

PPP Loan Forgiveness Report										
Covered (or alternative) Period: 4/30/2020-5/21/2020										
Employee Name	Employee ID	Compensation	Hours During Covered Period	Hire Date	Term Date	Pay Frequency	Weeks Worked During Covered Period	Average Hours Per Week	Average FTE	Average Weekly Comp
Employee 1	1	\$384.00	32	3/21/2019		W	3	10.67	0.3	\$128.00
Employee 2	2	\$2,693.76	189	7/1/2016		W	4	47.25	1	\$673.44
Employee 3	4	\$2,004.00	150.5	5/2/2018		W	4	37.63	0.9	\$501.00
Employee 4	6	\$978.25	63.25	1/11/2019		W	4	15.81	0.4	\$244.56
Employee 5	15	\$876.00	73	9/25/2019		W	4	18.25	0.5	\$219.00
Employee 6	16	\$366.00	30.5	11/20/2019		W	4	7.63	0.2	\$91.50
Employee 7	21	\$306.96	25.58	2/14/2020	5/7/2020	W	2	12.79	0.3	\$153.48
Employee 8	22	\$1,500.00	120	3/2/2020		W	3	40	1	\$500.00
Employee 9	23	\$1,200.00	80	5/1/2020		W	2	40	1	\$600.00
		\$10,308.97							5.6	

FTE Reports

The FTE Look Back Period Count report calculates the FTE during the Look-back reference period.

This is the FTE count that will be compared to the FTE count during the covered or alternative covered period to determine forgiveness reduction based on any decrease in FTE Count

Divide the FTE count during the covered period by the FTE count during the look back period. That percentage is multiplied by the Forgivable amount of the loan (Loan minus EIDL Emergency Advance)

For Example:

FTE Count during covered period	5
FTE Count during Look Back Period	6
Loan Forgiveness Percentage	.8333%
Loan Amount (Minus EIDL)	\$100,000
Forgivable Amount of Loan	\$83,333

FTE Count for Look Back Reference Period (Either Feb 15, 2019 – June 30, 2019) or Jan 1, 2020 – Feb 29, 2020) or any 12-week period between May 1, 2019 – Sep 15, 2019 for seasonal employers

PPP FTE Look Back Period Count											
Pay History: 1/1/2020-2/29/2020											
Employee Name	Employee ID	Compensation	Hours During Period	Hire Date	Term Date	Pay Frequency	Weeks Worked During Period	Average Hours Per Week	FTE	Average Weekly Comp	
Employee 1	1	\$1,621.96	136.32	3/21/2019		W	9	15.15	0.4	\$180.22	
Employee 2	2	\$5,307.89	381	7/1/2016		W	9	42.33	1	\$589.77	
Employee 3	4	\$4,195.00	319	5/2/2018		W	9	35.44	0.9	\$466.11	
Employee 4	6	\$2,283.64	182.69	1/11/2019		W	9	20.3	0.5	\$253.74	
Employee 5	15	\$2,071.76	175.05	9/25/2019		W	9	19.45	0.5	\$230.20	
Employee 6	16	\$2,258.92	190.66	11/20/2019		W	9	21.18	0.5	\$250.99	
Employee 7	17	\$1,397.50	118	12/24/2019	1/24/2020	W	5	23.6	0.3	\$279.50	
Employee 8	18	\$377.00	29	1/15/2020	2/8/2020	W	4	7.25	0.1	\$94.25	
Employee 9	20	\$462.00	38.5	2/7/2020	3/12/2020	W	2	19.25	0.1	\$231.00	
Employee 10	21	\$222.00	18.5	2/14/2020	5/7/2020	W	1	18.5	0.1	\$222.00	
		\$20,197.67								4.4	



FTE Reports on Payality Online

FTE Covered or Alternative Covered

24-Week period

From Reporting Menu, Type Loan in Title then Click Search.

Click on [PPPLoanForgivess Link](#)

The screenshot shows the 'REPORTING' menu with the 'Title' field set to 'Loan'. A blue arrow labeled '1' points to the 'Tag' field. Another blue arrow labeled '2' points to the 'Search' button. A third blue arrow labeled '3' points to the 'PPPLoanForgivess' link in the report list below.

REPORT TITLE	DESCRIPTION
PPPLoanForgivess	

FTE Look Back Period Count

From Reporting Menu, Type Look in Title then Click Search.

Click on [PPP FTE Look Back Period Count Link](#)

The screenshot shows the 'REPORTING' menu with the 'Title' field set to 'Look'. A blue arrow labeled '1' points to the 'Tag' field. Another blue arrow labeled '2' points to the 'Search' button. A third blue arrow labeled '3' points to the 'PPP FTE Look Back Period Count' link in the report list below.

REPORT TITLE	DESCRIPTION
PPP FTE Look Back Period Count	

Put a check mark in Override Dates and then choose the first check date based on covered or alternative covered period chosen

The 'Date Selection' dialog box has 'Override Dates' checked. A blue arrow labeled '1' points to the 'Override Dates' checkbox. A second blue arrow labeled '2' points to the first date option in the list: '04/24/2020 - 2020042401'.

Scroll Down to Output Options and Click on Output Format and choose Microsoft Excel from the drop-down menu

The 'Output Options' dialog box has the 'Output Format' dropdown menu open. A blue arrow labeled '1' points to the 'Output Options' header. A second blue arrow labeled '2' points to the 'Output Format' dropdown. A third blue arrow labeled '3' points to the 'Microsoft Excel' option in the dropdown list.

Wage Reductions



The SBA's Forgiveness application instructions released on June 17, 2020 once again made changes. The new instructions not only consider reductions of the employee's average regular rate of pay earned per hour (or salary), but also now includes the average weekly reduction in wages



Salary employees cannot have a reduction of more than 25%. For example, an employee with a weekly salary of \$1000 must not have their salary reduced to less than \$750 per week



Hourly employee's average hourly wages cannot be reduced by more than 25%. For example, an employee with an average hourly rate of pay of \$20 must not earn less than \$15 per hour.



For hourly employees, you compare their average regular rate of pay earned per hour during the 24-week covered period (or 8-week) period to their average regular rate of pay earned per hour from Jan 1, 2020 to Mar 31, 2020.



The reduction comparisons are for the period of January 1, 2020 – March 31, 2020 compared to the 24-week or 8-week covered period. There is a safe harbor exception as detailed on the next page

Wage Reduction Safe Harbor Exception

Borrower has until December 31, 2020 to restore an employee's average salary, regular hourly rate of pay or weekly average hours reduction (that occurred between February 15, 2020 and April 26, 2020) to at least 75% of what that amount was on February 15, 2020.

Wage Reduction Report

Wage Reduction is now calculated based on a comparison of the 24-week or 8-week covered period to January 1 – March 31, 2020 for the following:

1. Average weekly compensation
2. Average Earnings Per Hour
3. Average Hours Per week

The percentage difference is shown. If any percentage is a negative 25% (-25.00%) or greater then you are not eligible to use the 3580EZ Simplified Forgiveness Application and also must reduce the forgiveness amount by the amount of reduction above 25% for the entire covered period.



Covered (or alternative) Period: 4/16/2020-7/30/2020							January 1, 2020 - March 31, 2020									
Term Date	Pay Frequency	Weeks Worked	Average Hours Per Week	Average FTE	Average Weekly Comp	Average Earnings Per Hour	Compensation	Hours During Period	Weeks Worked During Period	Average Hours Per Week	Average Earnings Per Hour	Average Weekly Comp	Avg Rate of Pay % difference	Avg Weekly Comp of Pay % difference	Avg Hours per week % Difference	
W		5	53.08	1.0	\$820.44	\$15.46	\$7,345.88	522.83	13	40.22	\$14.05	\$565.07	10.01%	45.19%	31.98%	
W		16	62.27	1.0	\$979.64	\$15.73	\$11,971.45	775.67	13	59.67	\$15.43	\$920.88	1.93%	6.38%	4.37%	
W		16	47.28	1.0	\$682.47	\$14.44	\$7,942.39	564.64	13	43.43	\$14.07	\$610.95	2.63%	11.71%	8.85%	
W		16	53.52	1.0	\$810.14	\$15.14	\$9,079.37	626.07	13	48.16	\$14.50	\$698.41	4.38%	16.00%	11.13%	
W		15	51.91	1.0	\$782.42	\$15.07	\$10,164.30	681.22	13	52.40	\$14.92	\$781.87	1.02%	0.07%	-0.94%	
W		16	40.00	1.0	\$1,000.00	\$25.00	\$13,000.00	520.00	13	40.00	\$25.00	\$1,000.00	0.00%	0.00%	0.00%	
W		16	47.71	1.0	\$695.09	\$14.57	\$5,324.80	386.64	11	35.15	\$13.77	\$484.07	5.78%	43.59%	35.74%	
W		11	43.00	1.0	\$600.97	\$13.98	\$0.00	0.00	0	0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	
W		10	39.98	1.0	\$539.68	\$13.50	\$0.00	0.00	0	0.00	\$0.00	\$0.00	0.00%	0.00%	0.00%	
			438.75	9.0			\$64,828.19			319.03						

Wage Reduction Report on Payality Online

Wage Reduction

(Same Report as the FTE Count during 24-Week or 8-week Covered Period)

From Reporting Menu, Type Loan in Title then Click Search.

Click on [PPPLoanForgiveness Link](#)

Home Documents ESS Employee HR **REPORTING** Payroll Company Time & Attendance System

STANDARD REPORTS Report Writer Saved Company Reports My Reports My Completed Reports

Category Title Report Type

Sub Category Tag Report ID

REPORT TITLE DESCRIPTION

[PPPLoanForgiveness](#)

Put a check mark in Override Dates and then choose the first check date based on covered or alternative covered period chosen

Date Selection

Date Selection Most Recent Pay Period

Override Dates **1**

Begin Date

End Date

Custom Begin Date **2**

Custom End Date

Scroll Down to Output Options and Click on Output Format and choose Microsoft Excel from the drop-down menu

Output Options **1**

Output Format **2**

Notify Me When Completed

Email Completed Report

Microsoft Excel **3**

Portable Document Format (PDF)

ASCII Text

Comma Separated Values

Tab Separated Values

Microsoft Excel Data Only

Microsoft Word

PPP Loan Forgiveness Estimation Calculator

Payality has created a PPP Loan Forgiveness Estimation Calculator that can be found on:

[PAYALITY'S COVID-19 Web Page](#)

Or

[CLICKING HERE](#)

The screenshot shows a web-based calculator interface with several input fields and a large yellow output area. The input fields are:

- Loan Amount
- Advance Payment Received (up to \$10,000) if applicable
- Amount Eligible for Forgiveness
- Spend Needed to Use Eligible Loan Forgiveness Amount
- Maximum PPP Loan Funds available for Mortgage Interest, Rent, and Utilities
- Estimated Eligible Payroll Cost During 8 week Period
- Estimated Mortgage Interest, Rent, and Utilities during 8 week Period
- Estimated Employee Count During look-back period
- Estimated Payroll Cost During 8 Week Period or Restored by June 30th (if applicable)
- Estimated Wage Reductions in excess of 25% for any employee

The large yellow output area contains:

- Estimated Amount of Eligible Forgiveness Loan During 8 Week Period
- Reduction in Forgiveness Due to Decrease in FTE and/or 25% Wages (our unused amount, whichever is greater)

At the bottom, there is a disclaimer: "Please note that this calculator was created for informational purposes and is only an estimate. Final decisions regarding forgiveness are at the sole discretion of the lender. A guidance related to PPP loan forgiveness is subject to change. Payality is not responsible for the accuracy of this content. This calculator should not be considered legal or fiduciary advice. Clients should consult their attorney or other professional advisor for advice. Payality Inc. All Rights Reserved."