

PPP Details

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Join our Facebook Group
“Express Payroll Client Group”



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EXPRESS PAYROLL

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TAX / PLANNING /
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Express Payroll

Payroll for small business

www.express-payroll.com



\$350B PPP lent in 10 days

Money is still flowing

Expecting round 2

EXPRESS PAYROLL The logo for Express Payroll features the word "EXPRESS" in orange and "PAYROLL" in black, both in a bold, sans-serif font. A stylized orange starburst is positioned above the "S" in "EXPRESS", and a curved orange line arches over the word "PAYROLL".

Our focus has shifted from application to “forgiveness”

Within the FB group is a calculator & video



Forgiveness - Intended

- During 8 week period beginning on date PPP money is received, the following is eligible
 - Payroll costs
 - Interest on mortgage obligations
 - Rent under existing lease
 - Utility payments

Forgiveness - Intended

Payroll Costs Defined:

- Salary, wages, commissions or similar compensation
- Cash tips or equivalents
- Payments for PTO, sick leave
- Group health care benefits incl insurance premiums
- Payments of retirement benefits
- Payments for state or local taxes assessed on employee compensation (ie. SUTA)

Forgiveness - Intended

What's NOT included in Payroll Costs:

- Compensation of an individual employee in excess of 100K
- Compensation for employees outside the US
- Qualified sick leave (for which credit is allowed) under Families First Coronavirus Response Act
- Qualified FMLA (same as above)
- Employer taxes for FICA (matching SS / MC) or FUTA

Forgiveness - Intended

Several businesses are still closed with shelter in place

The 8 week period is NOT to be extended. You must hire your staff back regardless for full forgiveness

SBA clearly outlined that NO more than 25% of your forgiven amount of a PPP loan can be attributable to non payroll costs.

Forgiveness - Intended

Example:

Co X borrowed \$100K in PPP on April 10, 2020. Co X spent \$50K on payroll over the next 8 weeks and \$40K on rent and utilities. X 's loan forgiveness is limited to \$66,667, \$50K of payroll and \$16,667 of rent and utilities.

$$\$50K / 75\% = \$66,667$$

Forgiveness - Intended

What does it mean when it says “costs incurred and payments made” within the 8-week covered period will be forgiven?

- Not yet clarified by the SBA
- Some are using cash basis
- The SBA may focus on “and” rather than “or” which requires the pay periods and the pay dates to be within the period.
- Consider running additional payrolls if needed so pay period and dates are within the 8 weeks – check with your bank for clarity

Forgiveness - Intended

Are payments made with forgiven funds deductible?

- The CARES Act states the amounts forgiven on a PPP loan “shall be excluded from gross income.”
- The IRS states that expenses “allocable to” tax exempt income are not deductible
- You can’t have a P&L cost for “payroll” and get a deduction if your using PPP funds. Either reduce the expense OR create a new line on your P&L that says “PPP offset” or something.

Forgiveness - Intended

My PPP funding went to a new bank account

- My original guidance stated this is OK
- Still the case but do NOT relink all your automatic sweeps or payroll accounts etc to this account
- Better option is to keep all existing services linked, check book, etc to original account. When PPP eligible expenses are used then “move” money from “new” account to “old” account



Old Operating Account

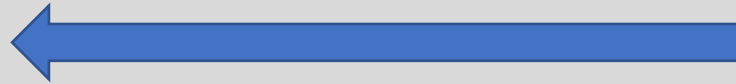


New PPP Account

Payroll Gross



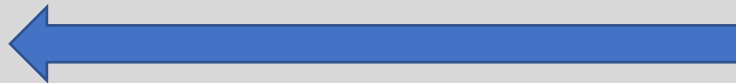
SUTA



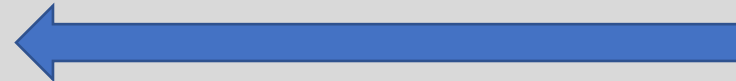
Employer Payroll Tax

XX

Rent



Utilities



Marketing Costs

XX

New Equipment

XX

Reports – Payroll History (run for EACH Payroll)

Employee Name	Earnings	Hours	Wages	Taxes	Amt	Deductions	Amt	ER Taxes*	Amt	Net Pay
[REDACTED]	Regular	[REDACTED]	[REDACTED]	FWT	26.65			ER SS	25.39	337.37
				SS W/H	25.39			ER MC	5.94	
				MC W/H	5.94			FUTA	2.46	
				SC State Tax	14.15					
Employee Tot:		31.50	409.50		72.13		0.00		33.79	337.37
[REDACTED]	Regular	[REDACTED]	[REDACTED]	SS W/H	1.81			ER SS	1.81	26.79
				MC W/H	0.42			ER MC	0.42	
				SC State Tax	0.23			FUTA	0.18	
Employee Tot:		3.25	29.25		2.46		0.00		2.41	26.79
Grand Tot:		253.82	3,660.16		592.30		47.78		297.99	3,020.08
Company Summary										
	Regular	253.82	3,100.16	FWT	184.23	Aflac Pre BiWeekly	47.78	ER SS	223.96	3,020.08
	Birthday Party		200.00	SS W/H	223.96			ER MC	52.36	
	Meet Sessions		360.00	MC W/H	52.36			FUTA	21.67	
				SC State Tax	131.75			SC SUI Admin.	2.20	
Company Totals :		253.82	3,660.16		592.30		47.78		300.19	3,020.08

* Includes FICA and unemployment taxes only.

Forgiveness - Intended

Stay tuned for additional forgiveness clarification. Be sure to check with your bank because many are providing different terms!!

DO NOT pay people more than originally earned without anticipating “non” forgiveness

Don't change hourly rates up or down.

Non forgiven amounts turn into a 1% two year note

Forgiveness - Intended

Express Payroll is here to help:

- Finding reports – please check in our FB page
- Processing payrolls per normal
- Change in pay dates / pay periods

- We can't provide specific guidance because it's being managed by the banks

- If you need private consult for 30 minutes on how to hire people back, forgiveness planning, etc please FB message me. Cost is \$50. NOT to include items above....