



Hello everyone, I hope you and your family are staying safe and doing well.

We have good news! We are getting reports from clients that are beginning to receive PPP and EIDL advance funds. Some much needed relief for our small business owners.

In my last email I was concerned that the SBA was going to be limiting the EIDL advance to \$1,000 per employee up to \$10,000. The SBA has officially announced that they are implementing those limits. I have also heard from clients that applied a couple weeks ago that have received the EIDL advance funds and it was limited to \$1,000 per employee.

There is not a lot of official guidance for what the \$10,000 advance can or cannot be used for. I believe it can be used for any business purpose such as: payroll, rent, utilities and materials purchases.

For the PPP, the SBA has come out with new guidance on how Partnerships and Schedule C filers will qualify for the loan. Click [here](#) for the details.

To summarize, individuals with self employment income will be required to provide a 2019 Form 1040 Schedule C. Partnerships filing a 1065 will file for the PPP at the partnership level not the individual level. The guidance provides really good details and Q&A's for both Schedule C filers and Partnerships. **Please read it in detail.**

For our clients that are in our Small Business Bookkeeping program, we are calculating these amounts using the latest guidance, and have been calculating the PPP this way even before the guidance came out.

If you are doing the calculation on your own, please read through the guidance in detail. If you have any questions let us know.

As you begin to receive the PPP funds there are some very important things that you must think about and manage.

1. The amount of forgiveness of a PPP loan depends on the borrower's costs over an **eight week period that begins on the date the lender makes the first disbursement of the PPP loan to the borrower.**
2. 75% of the loan proceeds must be used to cover payroll costs.
3. If you want 100% PPP forgiveness you will need to manage the payment dates of your payroll to make sure you are capturing all pay periods within the 8 week period.
4. You will need to separately track those items that are allowed to be paid using PPP funds such as: payroll costs, rents, utilities, health care benefits for employees (non owners), retirement contributions and SUTA taxes.

When you receive the money and record it in your accounting software you will want to record it as a Long Term Liability on the balance sheet. For those using QuickBooks, I would recommend setting up a class called PPP and assigning that class to all eligible expenses. This will enable you to run a quick report to see how much of the PPP funds you have used and help you manage your expenses. **Please remember to look at your payroll payment dates and ensure that you will get 8 weeks of payroll included. There exists the possibility that a timing issue could exist based on when you receive the funds and when you run your payrolls. You may have to adjust your payday for one or more payrolls!!**

Click [here](#) for the most recent FAQ's on the PPP Loans. **Please read the FAQ in detail as it provides more detail than what I have given.**

Please let me know if you have any questions. We are here to help!

Thank you!

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