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

Today the SBA and the US Treasury released revised Loan Forgiveness Applications and instructions. There are now two applications: [Loan Forgiveness Application Form EZ](#) and [Loan Forgiveness Application](#).

The EZ Application can be used if:

- You are self-employed and have no employees; OR
- You did not reduce the salaries or wages of employees by more than 25%, and did not reduce the number of hours of your employees; OR
- You experienced reduction in business activity as a result of health directives related to COVID19, and did not reduce the salaries or wages of your employees by more than 25%.

See the Instructions for the EZ form [here](#) and the regular form [here](#).

With the new applications came some clarification on the rules for Owner's Compensation and maximum amounts that can be used for a single employee if the 24 week covered period is elected instead of the 8 week covered period.

Owner's Compensation

For Schedule C Business Owners (sole proprietor), if you choose the 24 week covered period the limit you will be able to have forgiven for the Owner's Compensation component will be 2.5 months worth of the 2019 profit or \$20,833, whichever is lower. For a sole proprietor with no employees this change will allow for full forgiveness of the loan since this equals the maximum amount that could be borrowed to cover owner's compensation.

For S-Corps and Employee/Owners, if you choose the 24 week covered period the limit you will be able to have forgiven will be 2.5 months of 2019 compensation or \$20,833, whichever is lower.

Employee's Compensation

For a 24 week covered period the maximum allowed for forgiveness for Non-owner employees is \$46,154 per employee.

60% Usage for Payroll Costs

When the program was first introduced you were required to use 75% for payroll costs and if you did not then your forgiveness was reduced by the shortfall. When the

PPPFA was introduced, it lowered the threshold to 60%. The language in the PPPFA indicated that if you did not meet the 60% test then you would receive no forgiveness. The Treasury has since come out and clarified that if you do not meet the 60% you will still qualify for partial forgiveness as before.

The instructions for both forms are pretty easy to understand and only about 4 pages long. If you have a PPP loan, I would encourage you to go and read them.

Let us know if you have any questions, we are here to help.

Thank you!

Raymond E Halstead, CPA
REH CPA, PLLC
rehcpas.com
704-662-8249

223 Williamson Rd, Suite 104
Mooresville, NC 28117

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