

Paycheck Protection Program Office Hours June 18, 2020

**Update on Form 3508EZ and Revised Forgiveness Application Form
Details**



Disclaimer

- This information does not constitute legal, financial or accounting advice. It is provided for general informational and educational purposes.
- All organizations are urged to consult their own legal, financial or accounting advisors on whom they rely.
- Particularly in context of the SBA PPP loan program, organizations should also consult with their lender.
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Summary of Topics Covered

- Overview of new guidance
- Eligibility to use Form 3508EZ
- Explanation of Form 3508EZ
- Changes to Loan Forgiveness Application
- EIDL Overview
- Questions and Answers

Overview of Information Released 6-16-20

- Revised interim final rule clarifies:
 - Payroll Covered Period extended to 24 weeks
 - Individual employees' salaries capped at \$46,154 for 24 week
 - Owner compensation salaries capped at \$20,833 for 24 weeks
 - Loan forgiveness amount capped at accrued interest and full principal amount
- New loan forgiveness Form 3508EZ
- Revised loan forgiveness application form
- Extension of safe harbor date to no later than 12/31/2020

Who Qualifies to Use the Form 3508EZ?

- Who Qualifies to use the EZ?
 - Self-employed, independent contractors or sole proprietors with no employees
 - Organizations meeting at least one of the following two conditions:
 - A) No salary reductions in excess of 25% during the Covered Period vs January 1, 2020 – March 31, 2020; and
 - No FTE¹ or average paid hours reductions between January 1 and the end of the Covered Period
 - B) No salary reductions in excess of 25% during the Covered Period vs January 1, 2020 – March 31, 2020; and
 - Unable to operate during the Covered Period at the same level as before February 15, 2020

¹ Excluding reductions due to safe harbors

Overview of Form 3508EZ Instructions

- Page 1 of the Application is essentially unchanged except for the adjustment lines for FTE and salary calculation reductions
- Certification added in lieu of completing Schedule A
 - Form 3508EZ eliminates Schedule A from application but calculation still needed
- Calculation of salaries and FTE necessary to confirm eligibility

Changes on the Loan Forgiveness Application Form

- Confirmed the reduction in minimum amount spent for payroll costs from 75% to 60%
- Safe Harbors
 - Created FTE safe harbor for reduction in business activity due to limitation by CDC/HHS/OSHA
 - Good faith, written offer to rehire employees employed on 2/15/2020 and unable to hire similarly qualified employees by 12/31/2020
- FTE documentation shifted from average number of FTEs/month to FTEs/week
- Self-employed, general partners, or owner-employees may not include their health insurance or retirement expenditure calculations
- Moved salary reduction calculation from the application to the instructions

EIDL Loan Availability

- Interest rate 2.75% for non-profit organizations, 3.75% for-profits
- Repayment begins one year after origination and up to 30 years to repay
- Collateral required for loans greater than \$25,000
- \$2 million maximum loan amount
- Applications available until 12/31/2020, or when CARES Act fund is exhausted
- Uses of loan: payroll (after covered period or for employees over \$100,000), losses of revenues, working capital, interest payments
- Demonstrate suffered substantial economic injury
- Eligible for non-profits, independent contractors and sole proprietors with less than 500 employees

Questions & Answers

FOR MORE INFORMATION

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