



PPP Second Draw Update

January 13, 2021



Agenda- UPDATE

- Paycheck Protection Program
- Employee Retention Tax Credit
- Other Grant Programs





Payroll Protection Program

- Loans under CARES Act - First Draw
- New loans under CAA21 – Second Draw





Existing PPP loan forgiveness

- Update application to reflect new additional permitted expenses
- Covered period ends when monies are spent
- EIDL loan advances no longer reduce forgiveness

- Simplified one-page forgiveness application for loans under \$150k
- When to apply for forgiveness?
- **Excess payroll/ERTC**



Updated Eligible Expenses for 1st and 2nd Draw Loans

- Operational expenditures
- Property damage costs related to public disturbances in 2020 not otherwise covered
- Expenditures to suppliers
- Worker protection and facility modifications expenditures

Limited to 40% of loan spending





First Draw PPP Loan Reopened

- First time borrower
- Borrower who returned funds
- Borrower entitled to additional funds
 - Increase loan amount to include eligible payroll expenses
 - Have not received loan forgiveness prior to 12/27/2020
 - Applies also to seasonal borrowers



Second Draw PPP Loan

- Must have spent or expect to spend First Draw
- No more than 300 employees
- 25% reduction in gross receipts in any quarter (2020 v. 2019)
- 2.5x average monthly payroll up to \$2M (or 3.5x - food and lodging)
- Necessity certification for continuity and ongoing operations



2nd Draw PPP Loan Application Differences



- Form 2483-SD
- Include First Draw SBA Loan Number
- Calculation of Reduction in Gross Receipts
- Certification questions different





How to Calculate Gross Receipts (Total Revenue)

- Use Form 990 categories
- Based on Borrower's revenue recognition practice
- Excludes First Draw PPP
- Ineligible: Shuttered Venues, others





What is the Process?

- SBA released applications
 - Documentation different if loan is less than \$150,000
- Be Patient – Sufficient funds available
 - Banks will open portals to accept applications
 - Banks are proactively asking for information
 - More due diligence upfront
- SBA and Treasury to continue to post FAQs as program develops



Employee Retention Tax Credit (ERTC)



- **Credit Amount: 50% of \$10K in qualified wages (\$5K max/employee)**
- **Eligibility:**
 - Full or partial suspension due to COVID-19 related government order; **or**
 - 50% decrease gross receipts in same quarter in prior calendar year
 - PPP loan recipients ***now eligible***—*no double-dip re payroll expenses*
- **Wage Base:**
 - 100 employee rule-no services provided
 - 30-day rule limit
- **Refundable payroll tax credit: IRS rules and FAQs**

CARES Act: Mar. 13 – Dec. 31, 2020





Employee Retention and Rehiring Tax Credit

- **Credit Amount: 70% of \$10K/quarter (\$14K max/employee)**
- **Eligibility:**
 - Full or partial suspension due to COVID-19 related government order; or
 - 20% decrease gross receipts in same quarter in prior calendar year
 - PPP loan recipients *are eligible—no double-dip re payroll expenses*
- **Wage Base:**
 - 500 employee rule-no services provided
 - No 30-day rule limit
- **Refundable payroll tax credit: IRS rules expected**

(COVID-related Tax Relief Act: January 1, 2021-June 30, 2021)





Additional COVID Relief Funding Opportunities

- Day Schools
- Child Care Providers
- Nutrition Programs
- Other

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