

## CHECKLIST FOR PPP LOAN FORGIVENESS PREPARATION

Prepare for your PPP loan forgiveness request. This information is based upon available guidance from the SBA and is subject to change. Please consult your legal/financial professional for legal advice.

### **IF YOU'RE A SELF-EMPLOYED/SOLE PROPRIETOR OR INDEPENDENT CONTRACTOR –** See separate section for self-employed farmers.

- Schedule C of the 1040 Form for the most recent tax filing.
- 1099-MISC form(s) detailing nonemployment compensation received.
- If you have employees, payroll statement or similar documents for each employee and rates of pay as of February 15, 2020.
- If you have employees, documentation for the number of employees and rates of pay during the covered period, which at the option of the business is 8 weeks, or the earlier of 24 weeks following the PPP loan or December 31, 2020, such as:
  - ✓ Payroll statement or similar documentation
  - ✓ Payroll report from payroll provider
  - ✓ Copies of checks for wages/salaries
  - ✓ Payroll tax filings (Form 941)
  - ✓ Income, payroll, and unemployment insurance filing from your state
  - ✓ Documents verifying any retirement and health insurance contributions.
- If you have no employees, an invoice/bank statement to show you were in operation on February 15, 2020.
- Lease agreements and cancelled checks/payment receipts for rent paid during the covered period.
- Cancelled checks/statements for utilities paid during the covered period.
- Cancelled checks/statements for mortgage interest paid during the covered period. If your debt is not with Frontier Bank, you will need a copy of the promissory note.

### **IF YOU'RE A SELF-EMPLOYED/SOLE PROPRIETOR FARMER**

- Schedule F and Schedule 1 of the 1040 Form for the most recent tax filing.
- If you have employees, payroll statement or similar documents for each employee and rates of pay as of February 15, 2020.
- If you have employees, documentation for the number of employees and rates of pay during the covered period, which at the option of the business is 8 weeks, or the earlier of 24 weeks following the PPP loan or December 31, 2020, such as:
  - ✓ Payroll statement or similar documentation
  - ✓ Payroll report from payroll provider
  - ✓ Copies of checks for wages/salaries
  - ✓ Payroll tax filings (Form 941)
  - ✓ Income, payroll, and unemployment insurance filing from your state
  - ✓ Documents verifying any retirement and health insurance contributions.
- If you have no employees, an invoice/bank statement to show you were in operation on February 15, 2020.
- Lease agreements and cancelled checks/payment receipts for rent paid during the covered period.
- Cancelled checks/statements for utilities paid during the covered period.
- Cancelled checks/statements for mortgage interest paid during the covered period. If your debt is not with Frontier Bank, you will need a copy of the promissory note.

## CHECKLIST FOR PPP LOAN FORGIVENESS PREPARATION, CONT.

**FOR ENTITIES – CORPORATIONS & LLCs, INCLUDING NON-PROFITS** - follow the checklist which applies to your tax filing status, for example, if a single-member LLC files as a sole proprietor using schedule C, see checklist for sole proprietors. See separate section for Partnerships & S Corporations.

- If you have employees, payroll statement or similar documents for each employee and rates of pay as of February 15, 2020.
- If you have employees, documentation for the number of employees and rates of pay during the covered period, which at the option of the business is 8 weeks, or the earlier of 24 weeks following PPP loan or December 31, 2020, such as:
  - ✓ Payroll statement or similar documentation
  - ✓ Payroll report from payroll provider
  - ✓ Copies of checks for wages/salaries
  - ✓ Payroll tax filings (Form 941)
  - ✓ Income, payroll, and unemployment insurance filing from your state
  - ✓ Documents verifying any retirement and health insurance contributions.
- If you have no employees, an invoice/bank statement to show you were in operation on February 15, 2020.
- Lease agreements and cancelled checks/payment receipts for rent paid during the covered period.
- Cancelled checks/statements for utilities paid during covered period.
- Cancelled checks/statements for mortgage interest paid during the covered period. If your debt is not with Frontier Bank, you will need a copy of the promissory note.

### FOR PARTNERSHIPS & S CORPORATIONS

- Schedule K-1 for each partner or S Corporation owner for the most recent tax filing.
- If you have employees, payroll statement or similar documents for each employee and rates of pay as of February 15, 2020.
- If you have employees, documentation for the number of employees and rates of pay during the covered period, which at the option of the business is 8 weeks, or the earlier of 24 weeks following PPP loan or December 31, 2020, such as:
  - ✓ Payroll statement or similar documentation
  - ✓ Payroll report from payroll provider
  - ✓ Copies of checks for wages/salaries
  - ✓ Payroll tax filings (Form 941)
  - ✓ Income, payroll, and unemployment insurance filing from your state
  - ✓ Documents verifying any retirement and health insurance contributions.
- If you have no employees, an invoice/bank statement to show you were in operation on February 15, 2020.
- Lease agreements and cancelled checks/payment receipts for rent paid during the covered period.
- Cancelled checks/statements for utilities paid during covered period.
- Cancelled checks/statements for mortgage interest paid during the covered period. If your debt is not with Frontier Bank, you will need a copy of the promissory note.

## LOAN FORGIVENESS INFORMATION FOR ALL BUSINESSES

1. PPP loans used for qualifying expenses incurred and paid by the business during the “covered period” may be forgiven.
2. The “covered period” is 8 weeks from the date the loan funds were disbursed but the business can opt to extend this to 24 weeks from the date of disbursement, not to go beyond December 31, 2020.
3. At least 60% of the loan must be used for payroll costs. Payments to independent contractors cannot be included in payroll costs. Payroll for seasonal workers may be determined differently. If the business has seasonal workers, please contact your loan officer.
4. If the business does not use at least 60% of the loan for payroll costs, the business may not qualify for loan forgiveness.
5. For administrative convenience, the SBA permits calculating the covered period of payroll using the period that begins on the first day of the business’ first payroll following loan disbursement.
6. Annual compensation to any individual of more than \$100,000 is excluded from payroll, not including non-cash benefits, i.e. employer contributions to a retirement plan/health care coverage.
7. Up to 40% of the loan may be forgiven if used for mortgage interest, rent payments and utility expenses. The business must have claimed or be entitled to claim a deduction for these expenses on the 2019 tax filing to claim them for forgiveness. And, the mortgage, lease agreement and utility services must have all been in effect before February 15, 2020.
8. Keep records for the following utilities: electric, gas, water, transportation, telephone, and internet.
9. The goal of PPP is to have the business continue to employ its employees. If the business laid off employees, the forgivable amount of the PPP loan may decrease in proportion to the ratio between the headcount during the covered period and the pre-pandemic headcount. However, if the business can show that it could not rehire/hire qualified employees or that it could not return to the same level of business because of federal standards of social distancing, sanitation, or worker/customer safety related to COVID, it is possible the amount of loan forgiveness may not be affected by a reduction in headcount. If you need additional information on this issue, please contact your loan officer.
10. Prepayment of eligible expenses, such as rent, may not be an allowed use of PPP funds and forgivable.
11. If the business was not in business in 2019 but was in operation before February 15, 2020, the business may need documentation, such as bookkeeping/financial statements, for the months that it was in operation before February 15, 2020.
12. A simple bank or credit card statement may not be enough to support forgiveness. If expenses are paid using cash, credit cards, PayPal, etc. rather than checks, evidence must show what was paid and when.
13. Recordkeeping involves keeping track of the receipt/invoice/official record of payment and noting the amount spent, what it was spent on, the date, and the purpose.