



# PPP Forgiveness Checklist

This information is provided by the Blount Partnership and is intended for guidance only. Until the forgiveness details are given (SBA has not finalized its guidance) and a clearly defined process is in place, businesses should consult with their CPA and/or attorney to determine their best path forward. This is a guide based on our current knowledge and not the final rules. As of May 13, 2020.

The Paycheck Protection Program loan forgiveness has two main pillars:

1. Spending your PPP funds on the right things
2. Tracking and proving your spending

Here's a checklist to make sure you get your loan 100% forgiven.

## **Pillar One:**

Spending PPP funds on the right things

- ☐ Spend at least 75% of the funds on payroll costs
  - ☐ Salaries
  - ☐ Wages
  - ☐ Vacation pay
  - ☐ Parental and family leave
  - ☐ Medical benefits
  - ☐ Sick leave
  - ☐ Other health benefits
  - ☐ Salaries
- ☐ Spend the remaining 25% of the funds on approved expenses
  - ☐ Mortgage interest
  - ☐ Rent
  - ☐ Utilities

Note: In order for the mortgage interest, rent, and utilities expenses to be forgivable, the mortgage/rent/utilities expenses can't be brand new—they had to be in effect prior to February 15, 2020.



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## Pillar Two:

In order to prove your PPP expenses and qualify for forgiveness, follow these steps.

- ☐ Record the PPP deposit as a loan
- ☐ During the eight-week period from the time of the deposit, complete bookkeeping on all financial transactions.
  - ☐ Verify the number of full-time equivalent employees (FTE) on payroll and pay rates, including filings and state income, payroll and unemployment insurance filings. As a reminder regarding how to handle employees who make over \$100,000 – Forgiveness will be limited to cash payroll of \$15,384 per individual over the 8-week period.  $(\$100,000/52) \times 8$ .
  - ☐ Record the expense amount, vendor/payee, expense category (Utilities/Rent/Payroll)
  - ☐ Store the receipt or official record (such as payroll records)
- ☐ At the end of four weeks, add up the total amount spent on forgivable categories
  - ☐ Have you spent at least 75% of your PPP funds on payroll costs?
  - ☐ Have you maintained your FTE averages?
  - ☐ Have you reduced any employee's wages by more than 25%?
  - ☐ How else have you spent the money? Are those PPP-approved expenses?
  - ☐ How much of the PPP funds do you have left? How will you use these funds?
  - ☐ Do you need to make adjustments in the next month to meet the 75% threshold?
- ☐ At the end of six weeks, organize your PPP expense records
  - ☐ Payroll reports verifying the number of employees on payroll, their pay rates, and the total amount you paid them during the forgiveness window and baseline period
  - ☐ Payroll tax filing for the IRS
  - ☐ Payroll and unemployment insurance filing
  - ☐ Documents verifying how much you paid for employee benefits
  - ☐ Records of payments for other PPP approved expenses, including receipts, invoices, and ACH drafts
  - ☐ Statements for interest paid for debt obligations incurred before February 15, 2020
- ☐ After 60 days, apply for forgiveness through your lender who will provide forgiveness determination within 60 days of receiving your loan forgiveness application.
  - ☐ Did you use at least 75% of the total loan on payroll costs?
  - ☐ Did you maintain your monthly average FTEs?
  - ☐ Did you pay each of your employees at least 75% of their average wage?