

Paycheck Protection Program Compliance Requirements

If you have a Paycheck Protection Program (PPP) Loan, now is the time to comply with the requirements of your loan so that you can maximize the amount of loan forgiveness.

1. When your PPP loan is disbursed, it begins your 8-week payroll protection period.
2. It is important that you know the number of Full-Time equivalent employees that you will need to pay during these 8 weeks following loan disbursement. It is the same number that you reported to the lender on your loan application.
3. You must also match total payroll costs for these 8 weeks to the same amount as you reported on your loan application (average monthly payroll from the calculation on the loan).
 - a. Payroll costs consist of compensation to employees residing in the U.S. in the form of salary, wages, commissions, cash tips, payment for vacation, parental, family, medical, or sick leave, allowance for separation or dismissal, payment for the provision of employee benefits consisting of group health care coverage, including insurance premiums, and retirement, payment of state and local taxes assessed on compensation of employees, and for independent contractor or sole proprietor, wage, commissions, income , or net earnings from self-employment or similar compensation.
4. If you have hired/retained the same number of FTEs at the same total payroll cost as reported on your loan application, you may then include other permitted expenses incurred during the same 8-week period for lease payments, mortgage interest payments and/or utilities payments.
5. Track and document the number of employees, overall payroll costs paid to them and other eligible expenses.
6. Your total payroll costs must represent at least 75% of your total loan forgiveness amount, with no more than 25% being used for related expenses of lease payments, mortgage interest and utilities for that 8-week period.
7. On your application you certified that the funds will be used to retain workers, maintain payroll or make mortgage interest payments, lease payments and utility payments as specified under the Paycheck Protection Program Rule.

If you have questions, contact the SBA Vermont District Office. More guidance on the loan forgiveness process will be forthcoming.