

# Paycheck Protection Program Loan Forgiveness



The amount of loan forgiveness granted by the U.S. Small Business Association (“SBA”) will depend on the total Paycheck Protection Program (“PPP”) loan amount used for eligible expenses over the eight-week period immediately following the date of the loan disbursement (“Covered Period”). It’s important to note that you cannot apply for loan forgiveness until after the Covered Period. To help you prepare for the loan forgiveness process, here is a list of required documentation:

## Payroll

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Documentation verifying the eligible cash compensation and non-cash benefit payments from the Covered Period include:

- Bank account statements or third-party payroll service provider reports (e.g. ADP, Paychex, etc.) documenting the amount of cash compensation paid to employees.\*
- Tax forms or equivalent third-party payroll service provider reports (e.g. ADP, Paychex, etc.) for the periods that overlap with the Covered Period:
  - Payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941); and
  - State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state (for California, this is Form DE9).
- Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to employee health insurance and retirement plans included in the forgiveness amount.

## FTE

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Documentation showing the average number of FTE employees on payroll per month employed by the Borrower during any one of the following time periods (at the election of the Borrower):

- February 15, 2019 to June 30, 2019;
- January 1, 2020 to February 29, 2020; or
- in the case of a seasonal employer, any consecutive twelve-week period between May 1, 2019 and September 15, 2019.

Documents may include tax forms or equivalent third-party payroll service provider reports (e.g. ADP, Paychex, etc.):

- Payroll tax filings reported, or that will be reported, to the IRS (typically, Form 941); and
- State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported, or that will be reported, to the relevant state (for California, this is Form DE9).

Documents submitted may cover periods longer than the specific time period.

## Nonpayroll

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Documentation verifying existence of the obligations/services prior to February 15, 2020 and eligible payments from the Covered Period include:

- Business mortgage interest payments:
  - Copy of lender amortization schedule and receipts or cancelled checks verifying eligible payments from the Covered Period; or
  - Lender account statements from February 2020 and the months of the Covered Period through one month after the end of the Covered Period verifying interest amounts and eligible payments.
- Business rent or lease payments:
  - Copy of current lease agreement and receipts or cancelled checks verifying eligible payments from the Covered Period; or
  - Lessor (landlord) account statements from February 2020 and from the Covered Period through one month after the end of the Covered Period verifying eligible payments.
- Business utility payments: Copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.

*The information provided is an additional reference to help you understand the PPP as outlined by the SBA and should not be considered as a complete representation of all loan forgiveness requirements under the Program. For a complete overview of loan forgiveness requirements, please refer to the SBA's PPP Loan Forgiveness Application and/or other official program materials.*