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Paycheck Protection Program
Covid-19

MORE DETAILS NOW AVAILABLE FOR THE NEW PAYCHECK PROTECTION PROGRAM

..... PREPARED BY

ZINNER & CO. RECOVERY SPECIALISTS



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More Details Now Available for the New Paycheck Protection Program

The Small Business Administration (SBA) and the U.S. Department of the Treasury issued guidance late Wednesday night (1/6/21) for the reconstituted Paycheck Protection Program (PPP).

The guidance came in the form of two interim final rules (IFRs):

- One IFR — “Business Loan Program Temporary Changes; Paycheck Protection Program as Amended” — totals 82 pages and consolidates the rules for PPP forgivable loans for first-time borrowers and outlines changes made by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act. Most importantly, this ruling includes direct clarification and confirmation on the deductibility of expenses that were funded by PPP loan proceeds. [Click here to view this first IFR in full.](#)
- The second IFR — “Business Loan Program Temporary Changes; Paycheck Protection Program Second Draw Loans” — totals 42 pages and lays out the guidelines for new PPP loans to businesses that previously received a PPP loan. [Click here to view this second IFR in full.](#)

Highlights and Important Clarifications

Second Draw PPP Loans Eligibility requires that a borrower with fewer than 300 employees experienced a greater than 25% decline in revenue during at least one quarter of 2020 over that of 2019.

Details on what is Revenue

Revenue should be calculated in accordance with the entity’s accounting method (cash or accrual) from sources including:

- Sales of products or services
- Interest, dividends
- Rents
- Royalties
- Fees
- Commission
- Reduced by returns and allowances

Gross revenue **does not** include PPP or EIDL grants received in 2020.

Alternative Approach to Calculate Revenue

The IFR issued provides an alternative approach to calculating revenue decline. A borrower that was in operation in all four quarters of 2019 can compare total annual receipts in 2020 to annual receipts in 2019, rather than doing a quarter-by-quarter comparison. They will need to submit copies of annual tax forms substantiating the revenue decline.

Options for Calculating Payroll Costs

PPP loan amounts are based on payroll costs. You can use 2019, 2020, or the 12-month period prior to the PPP application for payroll costs. If you are applying for a second PPP loan, no additional documentation is required to substantiate payroll costs if you used calendar year 2019 figures to determine your first-round draw and if the lender is the same.

Documentation Required for Loan Applications

For loans over \$150,000, you will be required to submit documentation — such as annual tax forms — supporting revenue decline. If tax forms are not available, quarterly financial statements or bank statements will suffice. For loans \$150,000 or less, documentation will not be submitted with the PPP loan application, but it will be required on or before the date the borrower applies for loan forgiveness.

If you are applying for a second PPP draw, the borrower will need to submit SBA Form 2483-SD (Paycheck Protection Program Second Draw Borrower Application Form) to their lender. The eligible borrower will also have to certify: that they have not, and will not, receive another second draw; that they have realized a reduction in gross receipts in excess of 25% relative to the relevant comparison time period; and that they have used, or will use, first draw only for eligible expenses.

Other Important Details

The borrower can select a covered period that is between 8 and 24 weeks. This flexibility will assist in meeting the FTE requirements.

The last day to apply for both first or second draw PPP loans is **March 31, 2021**. A simplified loan forgiveness application will soon be available for loans totaling \$150,000 or less. It is going to be a one-page form. Borrowers will need to attest to compliance with PPP requirements. Records will still need to be maintained for up to 4 years.

Entities ineligible for PPP include the following:

- Entities that have permanently closed
- Businesses not in operation on February 15, 2020
- Entities receiving Shuttered Venue Operator Grants
- Publicly-traded businesses
- Lobbying organizations
- Hedge funds or private equity firms
- Entities in bankruptcy
- Household employees
- Some other restricted entities

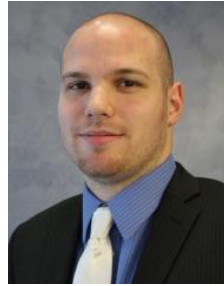
If you are interested in applying for a first or second round PPP Loan, Zinner & Co. can help you. We can take care of all aspects of the application process for your loan, as well as your loan forgiveness application. Through our membership in the American Institute of Certified Public Accountants, we are now offering PPP financing options for our clients through Biz2Credit. Contact us today for more information.

CONTACT US

Zinner & Co. LLP, is here to help. If you have any questions or would like to talk to someone about ways you and/or your business can take advantage of these government support programs, please reach out to one of our Recovery Specialists:



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ABOUT ZINNER

In 1938, Harry Zinner had a vision for long term success. He founded a Cleveland-based bookkeeping firm that focused on integrity, commitment and a pledge to help individuals, not-for-profit organizations and closely-held companies grow and prosper, not just for today, but for decades to follow.

Today, Zinner & Co. provides tax, accounting and management advisory services to guide businesses from startup to succession planning and help individuals create a solid financial foundation.

Our Beachwood, Ohio office is home to a dedicated team of CPAs and management advisors that provide a full slate of services beyond traditional tax and accounting. Contact us to discover how we can help you achieve your greatest financial potential.

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