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# NEW GUIDANCE FROM THE SBA ON PPP LOAN FORGIVENESS

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ZINNER & CO. RECOVERY SPECIALISTS



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## New Guidance from the SBA on PPP Loan Forgiveness

On Aug. 4, 2020, the Small Business Administration (SBA), with input from the Department of the Treasury, issued new answers to frequently asked questions (FAQs) on the Paycheck Protection Program (PPP) Loan Forgiveness. The guidance includes answers to 23 questions regarding forgiveness of PPP loans. The FAQs contain 10 pages of questions and answers divided into four sections, covering different aspects of loan forgiveness including:

1. General Loan Forgiveness
2. Loan Forgiveness Payroll Costs
3. Loan Forgiveness Nonpayroll Costs
4. Loan Forgiveness Reductions

To see the full list of FAQs, please click on the link below.

<https://www.sba.gov/sites/default/files/2020-08/PPP%20Loan%20Forgiveness%20FAQs%208-4-20.pdf>

### A few highlights are as follows:

The General Loan Forgiveness FAQs, confirm sole proprietors, independent contractors or self-employed individuals with no employees, and who did not include any employee salaries in the computation of average monthly payroll in the borrower application form, automatically qualify to use the EZ Form for forgiveness. The General Loan Forgiveness FAQs also includes guidance on what type of documentation is acceptable for loan forgiveness.

The Loan Forgiveness Payroll Costs FAQs, clarifies eligible payroll expenses as far as when the expenses were incurred and/or paid. They also cover when borrowers are required to calculate payroll costs for a partial pay period and details more information on what expenses are includable in allowable payroll costs. The eighth question addresses how owners' compensation is determined for forgiveness for each of the different entity types (C Corporation, S Corporations, partnership or self-employed). It also defines who qualifies as an "owner employee."

Among the items discussed in the Nonpayroll Costs Loan Forgiveness FAQs section is when expenses are includable based on when they are incurred and/or when they are paid. There have been many questions as to what the allowable utility expenses include, especially as related to "payment for service for the distribution of transportation." This item is clarified in the sixth question to be transportation utility fees assessed by state and local governments.

The Loan Reductions FAQs section focus on items, which may reduce loan forgiveness. The fourth question in this section addresses reductions in forgiveness arising from reductions in employee salary or hourly wage. Three examples are included to walk through different scenarios.

The FAQs released help answer questions borrowers, lenders and advisors have had surrounding PPP loan forgiveness. However, there are likely still questions, which may arise, as people begin to file the PPP Loan Forgiveness Applications. We highly recommend you consult with your lender regarding any specific questions you may have regarding the logistics of filing the Forgiveness Application, as each lender's portal may have slight differences. Finally, it is important to remain patient through this process. The situation continues to change, with new details and information coming out regularly.

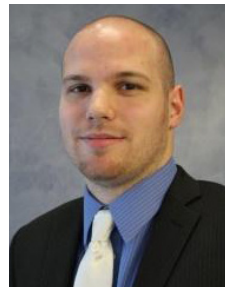
If you have any questions, please reach out to one of our recovery specialists, who will assist you.

## 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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