

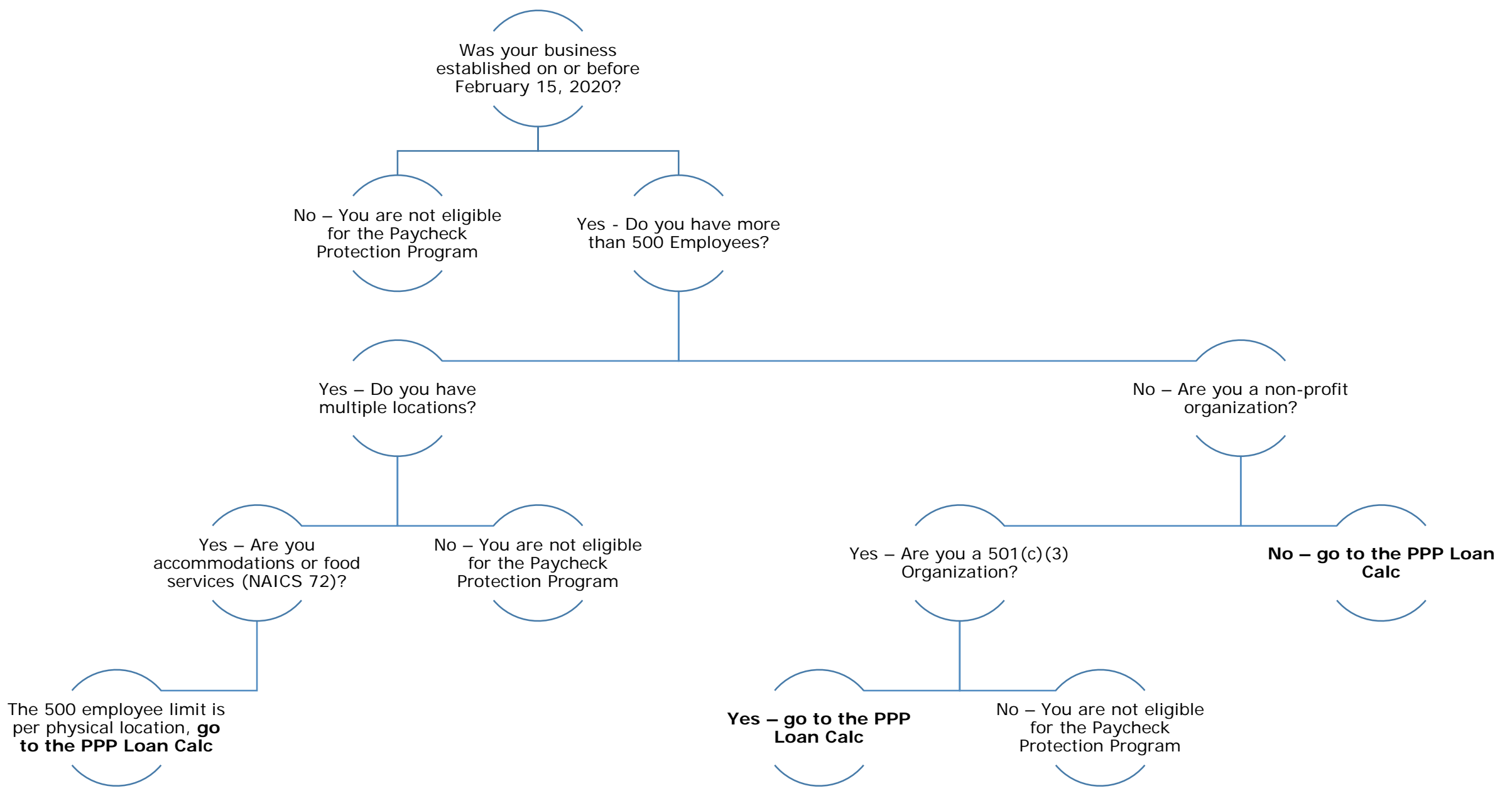
Michigan Golf Course Association

PAYCHECK PROTECTION PROGRAM

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Paycheck Protection Program

- **Loans** to companies to keep their workforce employed
- Eligibility
 - Employers with 500 or fewer employees
 - Self Employed individuals, sole proprietors, independent contractors
 - 501(c)3 organizations
 - In business as of **February 15, 2020**
 - Additional eligibility for Accommodations and Food Sector



Paycheck Protection Program

- Calculation Includes: (April 2019 – March 2020)
 - Compensation to employees
 - 2.5 months average compensation
 - Seasonal – consecutive 12 week period 5/1/19-9/15/19
 - Payments to independent contractors (separate submission)
- Calculation Does not include:
 - Compensation of employee in excess of \$100,000
 - Compensation for non US residents
 - Qualified sick and family leave under Families First Coronavirus Response Act

Qualified Loan Amount Loan Calculation Period 4/1/19 - 3/31/20								Amounts by Month
		Totals	April 2019	May 2019	June 2019	July 2019	August 2019	September 2019
Payroll - salaries & wages (including commissions and cash tips)		\$ 1,200,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Employee Benefits								
Group health care		\$ 60,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Dental insurance		\$ 4,500	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375	\$ 375
Workers compensation insurance		\$ 1,200	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
Payment for vacation, parental, family, medical or sick leave		\$ -						
Allowance for dismissal or separation		\$ -						
Retirement benefit		\$ -						
Other		\$ -						
		\$ 65,700	\$ 5,475	\$ 5,475	\$ 5,475	\$ 5,475	\$ 5,475	\$ 5,475
State or local tax assessed on compensation		\$ 1,200	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100	\$ 100
Eligible EIDL to be refinanced into the covered loan								
Reductions								
Wages & subcontractors Over \$100k		\$ 50,000	\$ 4,167	\$ 4,167	\$ 4,167	\$ 4,167	\$ 4,167	\$ 4,167
Taxes imposed or withheld under Chapters 21 or 24 of the IRC								
Foreign wages		\$ -						
Qualified FFCRA wages		\$ -						
		\$ 50,000	\$ 4,167	\$ 4,167	\$ 4,167	\$ 4,167	\$ 4,167	\$ 4,167
Totals		\$ 1,216,900	\$ 101,408	\$ 101,408	\$ 101,408	\$ 101,408	\$ 101,408	\$ 101,408
Average Monthly		\$ 101,408						
Total Qualified Loan Amount		\$ 253,521						

Paycheck Protection Program

- Fund Use
 - Payroll costs
 - Group health care
 - Interest on mortgage incurred prior to covered period
 - Interest on other debt incurred prior to covered period
 - Utilities – including electricity, gas, water, phone, internet, transportation
 - Rent

Expected Loan Forgiveness

- Amounts forgiven are canceled indebtedness by the lender within 90 days of amount determination
- Amounts of the loan used during the 8 weeks from the receipt of proceeds
 - Payroll costs
 - Amounts to pay for obligations in effect on 2/15/2020 for mortgage interest, rent, utilities
- What you need:
 - Gross payroll (wages, bonuses, tips, PTO)
 - Health care costs for employees
 - Contributions to qualified retirement plans
 - Payments of state/local taxes based on compensation
 - Self-employment income of partners or owners operating as self-employed individuals
 - Amount paid on leases, mortgages and utility contracts that predate 2/15/2020

Reductions in Expected Forgiveness

- NONE – if all proceeds are used for allowable purposes and FTE count and compensation levels are maintained
- Reduction if:
 - FTE count during the covered period is fewer than pre-COVID-19 levels
 - Wages paid to employees is less than 75% of that paid for the next earliest calendar quarter (for those <\$100,000)

Definitions

- Covered period – 8 weeks from the loan funding
- FTE – Full Time Equivalent, full time is someone who averages at least 40 hrs per week

Covered Period Costs

- Payroll – gross wages, health insurance, state and local ER tax, 401(k) match, pension
- Mortgage interest
- Lease payments
- Utilities – electricity, gas, water, telephone, internet, *trash, fuel for business vehicles, other*

FTE Data Needed

- PR Calendar, FTE per PR Period, Total Non FT Hrs
 - For 2/15/19 - 6/30/19 (2019 comparison period)
 - For 1/1/20 - 2/29/20 (2020 comparison period)
 - For 2/15/20 - 4/26/20 (rehire eligibility period)
 - For date of loan – 8 weeks later (covered period)
- FTE increases 4/26/20 - 6/30/20

FTE Calculations

- Number of employees working full time by pay period
- Sum of all hours worked by part time employees by pay period
- Calculate the average part time (total hours/40 hrs per week) FTE
- Calculate averages for each period

Wage and Salary Reductions

- Review gross wages for employees (*in total*) that are paid under \$100,000 for Q1 2020
 - Reduction in forgiveness if they are paid less than 75% of Q1 wages
- Review total funds used
 - Reduction in forgiveness if $<75\%$ is payroll (this includes payroll related)

Portion of Loan Not Forgiven

- Interest rate 1%
- Payable over 2 years
- Deferral of principal, interest and fees for 6 months

What Does the Bank Need?

- Supporting payroll documentation for average monthly payroll calculation (PR tax filings, 1099s issued, payroll journals)
- 2019 YE Financial Statements (some are requesting the Profit and Loss Statement Only)
- Support for insurance premiums, retirement payments
- NAICS Code
- Ownership information for any owners over 20%
- Detail listing of anticipated funding use

** Request list appears to still be fluid at this time – check with your financial institution for specifics **

Employer Payroll Tax Deferral

- Applies to ER Social Security AND Self Employment Tax
- ER portion of Social Security on wages paid in 2020 can be delayed
 - 50% not due until December 31, 2021
 - 50% not due until December 31, 2022

Employee Retention Credit

- Refundable PR tax credit equal to 50% of qualified wages during a calendar quarter
- Applies to the first \$10,000 compensation per employee
- Applies to ER share of Social Security payroll tax obligations, excess credit is refundable to the employer

Employee Retention Credit

- Qualified Wages (salary and qualified health plan exp)
 - **Over 100 FTE** in 2019 – wages paid to employees that are not providing services due to the COVID-19 circumstances
 - **100 or Fewer FTE** in 2019 – all wages qualify during the period, as long as the business continues in operations following
- Wages taken into account under Families First Act NOT included
- Includes wages paid after 3/12/2020 and before 1/1/2021

Employee Retention Credit

- All Companies, including those with over 500 employees
- Eligibility:
 - In business during 2020
 - Decline in business because of COVID-19
 - Required by government to shut down or suspend operations **OR**
 - Experienced significant decline in receipts
 - Any calendar quarter is 50% lower in gross receipts than same quarter in the prior year **AND**
 - Gross receipts recover to 80% of gross receipts of same quarter in the prior year in the first calendar quarter thereafter

Things are ever changing...

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Questions?

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