

PPP Application Commonly Asked Questions

April 24, 2020

The Federal government approved \$349 Billion for the Paycheck Protection Program (PPP), all of which has been allocated to loan applicants. As we anxiously await additional funding for this program, we thought it would be helpful for those that have yet to apply to learn from the trials and tribulations of those that have filed their applications.

The following are some of the frequently asked questions we have received from applicants:

I own multiple business entities with common ownership and common control. Do I file one application for all my entities?

The application requires the applicant to list all commonly owned/ controlled entities. This question is to determine which entities should be considered as one for testing whether you have fewer than 500 employees and therefore may qualify for the PPP. Once you determine that you are eligible for the PPP, each entity you own that has employees and their own Employer Identification Number (EIN) is a separate applicant and would qualify for its own loan.

In order to calculate my average monthly wages, the guidance states that I must cap any individual earning greater than \$100,000 per year to \$100,000. What is included in the \$100,000?

This was a very confusing question until the SBA came out with clear guidance. The guidance states that the \$100,000 only relates to wages, not including benefits. Therefore, when computing the annual payroll costs for an individual making greater than \$100,000, you would add the employer's portion of health insurance premiums, and the employer's portion of retirement benefits paid on behalf of such employee to the \$100,000.

Can a portion of the loan be used for office supplies or any other expenses?

No. The PPP loans are primarily established for the payment of payroll expenditures, which is why the basis for computing the eligible loan amount is based on average monthly payroll costs. In order for the loan to be forgiven, at least 75% of the loan amount must be used to pay payroll expenses (including salary, employer's portion of health insurance premiums and employer's portion of retirement benefits) within 8 weeks of obtaining the loan. In order for the full loan to be forgiven, the remaining balance of the loan proceeds must be used to pay "eligible" expenditures within the same 8-week period. Eligible expenditures include rent, utilities, and interest on mortgages, all of which must have been in existence as of February 15, 2020. The money can be used to pay other specific expenses, however such amount will not be forgiven.

Are partners in partnerships or members of an LLC, employees for purposes of the PPP loan?

On April 14th, the SBA finally came out with the answer to this question, and unfortunately for many, too late for their applications.

The self-employment income of a general partner of a partnership or member of an LLC can be counted as payroll for purposes of calculating your monthly average payroll costs. Such individual's self-employment income is capped at \$100,000 per annum.

On April 23rd, a new \$484 billion dollar stimulus package was passed by Congress. This new package will authorize the Paycheck Protection Program to spend an additional \$310 billion dollars. Please stay tuned for more informative e-mails to follow regarding the upcoming stimulus package.

Please reach out to your Anchin Relationship Partner or a member of our Real Estate Group so that we can personally address your questions and concerns. You can also contact our Anchin COVID-19 Resource Team at COVID19@anchin.com.

Disclaimer: Please note this is based on the information that is currently available

and is subject to change.