

MORE INFO ON LOAN FORGIVENESS & REDUCTION OF FORGIVENESS

SBA 7(a) Paycheck Protection Program Loan (PPP)



SBA 7(a) PPP Loan Forgiveness

- Any payment made during the 8 weeks after **loan origination** for the following:
 - Payroll (including paid sick, medical or family leave, up to \$8333.33 per month each)
 - Group health benefits
 - Rent (Including rent payments made to other companies that you own)
 - Mortgage interest (don't defer loan payments)
 - Utilities

- It can not exceed the original loan amount. No more than 25% of your loan can be forgiven for non-payroll expenses.
- Amounts forgiven shall be excluded from taxable income on 2020's tax returns



PPP Loan Forgiveness Reduction

- If you have fewer full time employees (monthly average) during your 8-week forgiveness period, compared to either (i) February 15 June 30 of 2019 or (ii) January 1 February 29 in 2020 (borrower's choice), your forgiveness amount will be reduced by that percentage decrease.
- If you reduce an employee's total wages by more than 25% during your 8-week forgiveness period, compared to the last full calendar quarter, your forgiveness amount will be reduced by that dollar amount (this potential reduction doesn't apply to employees making more than \$8333.33 per month).

- However, an employer who laid off employees between February 15 and April 26, but then rehires them at the same pay rates by June 30th, will not be penalized.
- If you pay an employee an annualized salary in excess of \$100,000 or \$8,333.33 per month, amounts over \$8,333.33 per month will not be forgiven.
- You won't be forgiven for Families First paid leave amounts that you can get a tax-credit for (explained later).

©2020 eAssist, Inc.



Calculating your PPP Loan 75/25 forgiveness ratio

75% to payroll, benefits & state/local taxes

25% for other expenses

Example:

Payroll for W2 employees (Assistants, Front Desk, Hygienist, Office Manager) = \$31,500/month Payroll for an W2 Associate Doctor = \$8,333.33/month (maximum allowed)

Payroll for any W2 income you pay yourself = \$8,333.33/month (maximum allowed)

Group health insurance, sick leave/vacation, severance pay = \$2,000/month

State & local taxes = \$1,050/month

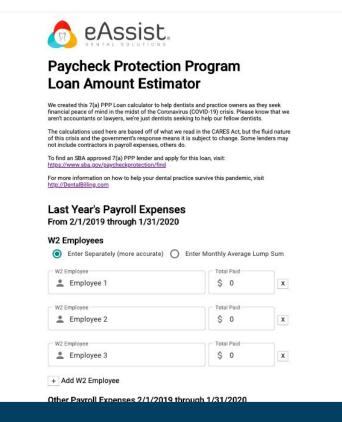
Total average monthly payroll = \$51,216

Maximum loan amount = 2.5 x total average monthly payroll of \$51,216 = \$128,040

The maximum you can spend on other expenses (rent, utilities, etc.) = 25% of \$128,040 = \$32,010



eAssist 7(a) PPP Loan Calculator & Forgiveness Estimator



DentalBilling.com/estimator