

## Q&A

1. For Small Business Owners (sole proprietor or LLC) Is an owner who takes cash distributions not expensed to the business, included in PPP?

A: You can count the owners up to 100k. It is based on the net income of the Schedule C.

2. The application instructions state, the average monthly payroll is to be calculated using the average monthly payroll of 2019 but the statute states you should use the average monthly payroll for the 12 month period prior to the application date?

A: The instructions state to use the 2019 numbers, follow the instructions.

3. The PPP focuses on businesses under 500 employees. Some other SBA programs have a different small business size standards based on annual receipts, total income, plus cost of goods sold; Is it possible that PPP loans will be available to businesses based on the annual receipts, based size standards even if they exceed the maximum number of employees set forth in the PPP statute?

A: It is possible. Depending on the type of organization for instance a wholesaler or a manufacturer it goes by the number of employees. If it's a retail operation it is going to go by millions of dollars. You can find the size standards under [sba.gov/size](https://www.sba.gov/size) and download the pdf.

4. Do churches or non-profits eligible to qualify under the PPP Program?

A: Yes

5. If you are in the process of opening a second location, can you do an estimated payroll cost rather than do an annual?

A: You base it on the 2019 numbers.

6. Does workers comp insurance qualify for calculating the payroll cost?

A: No. It is not listed in the statute.

7. Where can I find a bank that offers the SBA loan? If I currently do not have a relationship with the bank, will I be able to have access for the application and will it take longer for the application to the process if I establish a relationship with a bank?

A: We do not impede on how a bank operates. Once you establish a relationship you should be the same as an existing customer.

8. I was not extended participation in this program because I did not have an existing loan with my bank, will that be the case with every bank?

A: That will not be a requirement with every bank, some banks will allow you to participate with at least a deposit account with the bank.

9. Can you please review how the PPP funds can be used, for rent, mortgage, etc. only if one reduces one's payroll by up to 24%.

A: The loan program calls for you to get 2.5% x your payroll costs. Assuming that your payroll stays the same, you will be forgiven two months worth of payroll; the difference between the 2.5% and 2% will help you in terms of paying for rent, utilities and interest expense on other debts that can eventually be forgiven.

10. For Independent contractors or part time workers, how is that included?

A: We are still in the process of reviewing if independent contractors will apply or not if they relate to your core of business.

11. How are part time employees impacted?

A: Part time employees are not impacted; they will be included in the computation of the loan and in the forgiveness.

12. If I change my number of part time employees, how is that going to affect the calculations?

A: With part time of employees all of the payroll is counted toward the maximum loan amount and the forgivable amount. The formula forgiveness comes in with fulltime comes is how many fulltime employees you have versus how many fulltime employees you had in 2019.

13. Can I participate in both the Employer retention program if you have the PPP Program?

A: No. You cannot participate in the Employer retention credit if you are in the PPP Program.

14. We have full time equivalent employees as of December 31st who resigned in January and February, will that impact head count regarding the forgiveness?

A: It may impact the forgiveness depending on the number of employees you currently have versus prior periods. If you have reduction in employees, you can have a reduction in the forgiveness.

15. In terms of the restaurant business will the origination date be pushed back to the date we are able to open for the government.

A: The origination date will be the date that the loan was issued, but once you are able to secure the loan, the incentive is to bring your employees back to work even though your restaurant may not be opened to bridge the time between now being closed and hopefully being back opened in a couple of months.

16. Would your suggestion be to keep these funds in separate accounts so it can be easily reconciled?

A: It is not required for you to have a separate account as long as you can provide evidence that you spent the funds on payroll, rent, utilities, interest on debts.

17. I have two employees that make more than 100k a year do they receive a lower pay?

A: No, there pay it is capped at 100k for the formula.

18. For the restriction on rent it says it must be in effect before February 15<sup>th</sup> 2020, does that exclude rent payments that have been contracted for more than a year but are deferred until May 2020?

A: The statute states the lease has to be in place before February 15<sup>th</sup> 2020, the statute states covered payments. If you have deferment that is excluded.

19. I am a fulltime partner in an LLC, and have a second job as a self employed therapist, am I able to apply for the LLC and again as an individual.

A: People that have two separate businesses will be able to apply.

20. Can new employees be hired and paid using PPP?

A: Yes

21. I am a partner with a recently established LLC serving small businesses, with no employees, will I be eligible for a PPP?

A: If you do not have historical earnings this program will not be suitable, but you may be eligible for the Economical Injury Disaster loan. Go to [www.sba.gov](http://www.sba.gov) to apply.

22. How do you move current employees who are collecting unemployment from unemployment once you are using the PPP forgiveness program?

A: Under the statute you have the right to bring your employees back to work.

23. Please clarify state withholding, is this simply the state tax withheld from employees checks, and is that considered part of our payroll cost, any federal withholding, FICA part of this calculation?

A: You start with Gross payroll, effectively your state tax that's been withheld and your FICA tax that's been withheld.

24. If I have an out of state bank but the bank is a CT bank, will that contact be able to help CT customers?

A: Yes, reach out to that particular lender that may have a counterpart in CT, they will provide that information. Go to [www.sba.gov](http://www.sba.gov) has a list of CT lenders.

25. For Non Profits, when it asks about ownership how do you recommend filling that out?

A: That will be non-applicable because there are no guarantors and the loan is not secured so fill out the information, if there is any additional information the bank needs they will request.

26. Do the amounts paid to the business owners of an LLC who received their income report via form K1 rather than a W2 also apply in the calculation of the average monthly payroll?

A: Yes they can. Partners of a partnership are typically paid with guaranteed payment.

27. For business like restaurants that are currently closed, do they have to wait to reopen to use the funds or do are the forced to use the funds to pay employees while they are unable to work yet.

A: Funds should be used before the 8 week period of the date of the origination of the loan.

28. I am a President and Sole owner of an S-Corporation as of February 28, 2020. I have a new lease as of that date with the building owner, the corporation has had a lease with said owner for 38+ years, where does this fall with the 2/15/2020 with that requirement?

A: The statute states the lease should be in service as of 02/15/2020. We may have more information in the near future.

29. For a Non-Profit does an individual's personal rent expense qualify as a forgivable expense?

A: For a Non-Profit had rent expense it will qualify, not for an individual's personal expense.

30. If business volume is down 50% hypothetically, do we request 50% of payroll cost on the application?

A: It is advised to take the maximum amount, because you can pay it back without a pre-payment penalty by the end of the year.

31. Can you apply for both PPP and EIDL?

A: Yes, but you need to carve out the 8 weeks of payroll for the covered period of your PPP so you don't use both loans for the same purpose.

32. Do we pay out 40 hours each week? What if there is less work? What if there is overtime? Please speak to per-diem employees?

A: In terms of work question, if there is not 40 hours of work, the incentive under the statute is to bring your employees back to work, per diem employees will count as far as the total payroll cost, and for the forgiveness of the loan.

33. Any recommendation for contracted employees if the business doesn't know if that will be forgiven?

A: This is hard to know. They can apply on their own.

34. For independent hairdressers and payroll documentation, how will you direct them?

A: They can file on their own, as they are not covered with the payroll of the salon.