# Treatment of Payroll and Expenses Under PPP

<table>
<thead>
<tr>
<th>Corporate Expenses</th>
<th>Corporate PPP Loans (Applications Began on April 3rd)</th>
<th>Non-Corporate PPP Loans (Applications Began on April 10th)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• DIRECT EMPLOYEE PAYROLL EXPENSES</td>
<td>INCLUDE THESE COSTS IN PAYROLL COSTS FOR:</td>
<td>CAN APPLY FOR PPP LOAN AS AN INDEPENDENT CONTRACTOR</td>
</tr>
<tr>
<td>• OWNER’S DRAW</td>
<td>• Loan Amount Calculation</td>
<td></td>
</tr>
<tr>
<td>• PAY TO INDEPENDENT CONTRACTORS</td>
<td>DO NOT INCLUDE IN PPP LOAN OR FORGIVENESS CALCULATIONS</td>
<td></td>
</tr>
<tr>
<td>• PAY TO 1099 EMPLOYEES</td>
<td>DO NOT INCLUDE IN PPP LOAN OR FORGIVENESS CALCULATIONS</td>
<td></td>
</tr>
<tr>
<td>• INTEREST ONLY ON CURRENT LOANS</td>
<td>INCLUDE THESE COSTS IN PAYROLL COSTS FOR:</td>
<td></td>
</tr>
<tr>
<td>• RENT PAYMENTS</td>
<td>• Loan Forgiveness Calculation</td>
<td></td>
</tr>
<tr>
<td>• UTILITY PAYMENTS</td>
<td>• Cannot Exceed 25% of Loan Forgiveness</td>
<td></td>
</tr>
</tbody>
</table>
LOAN TERMS

LOAN TYPES

<table>
<thead>
<tr>
<th>EIDL ADVANCE</th>
<th>EIDL LOAN</th>
<th>PPP LOAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO REPAYMENT REQUIRED</td>
<td>3.75% UP TO 30 YEARS</td>
<td>1% 2 YEARS</td>
</tr>
<tr>
<td>READER</td>
<td>12 MO DEFERRAL</td>
<td>6 MO DEFERRAL</td>
</tr>
</tbody>
</table>

Emergency Injury Disaster Loan (EIDL)
Apply on SBA Website
https://covid19relief.sba.gov/#/
LOAN PROCEEDS PROVIDED BY SBA
EIDL LOAN

Did you spend EIDL funds on payroll?

Yes
EIDL ADVANCE ($1K PER EMPLOYEE UP TO $10k)
CONTINUE UNDER TERMS OF EIDL LOAN (12 MOS OF DEFFERAL)

No
CONTINUE UNDER TERMS OF PPP LOAN AFTER FORGIVENESS IS APPLIED (6 MOS OF DEFFERAL)

Payroll Protection Program (PPP)
Apply to SBA Approved Lender (This is a special SBA 7(a) loan)
CALCULATE LOAN AMOUNT BASED ON PAYROLL + EIDL IF YOU USED IT FOR PAYROLL EXPENSES
LOAN PROCEEDS PROVIDED BY LENDER
TRACK ITEMS FOR NEXT 8 WEEKS FOR LOAN FORGIVENESS
REDUCE LOAN FORGIVENESS BY EIDL ADVANCE AMOUNT
CONTINUE UNDER TERMS OF PPP LOAN (6 MOS OF DEFERRAL)
**Permitted Uses of Funds and Key Timeframes for PPP Loans**

**Payroll Protection Program (PPP)**
- Payroll Expenses
- Non-Payroll Expenses (1)(2)
  - Rent
  - Utilities (3)
  - Interest on Debt
- Working Capital

**Emergency Injury Disaster Loan (EIDL)**
- Accounts Payable
- Inventory
- Operating Expenses that would have been met prior to crisis

**Use EIDL Funds for These Expenses Until PPP Funds Are Exhausted**

**Maximize These Costs to Use for Loan Forgiveness**

**Non-Permitted Uses of Funds**

**APPLIES TO BOTH EIDL AND PPP LOANS**

**Non-Permitted Uses**
- Replacement of lost revenue
- Principal on existing debt
- Refinancing existing debt
- Capital improvements

**Notes:**
1) Only if in place or committed before Feb 15, 2020
2) Non-payroll expenses cannot exceed 25% of loan forgiveness
3) Includes these items if in place before Feb 15, 2020
   - Electricity
   - Gas
   - Water
   - Telephone
   - Internet access

**Payroll Expenses Allowed for PPP Loan Forgiveness**
- Salary, wages, commission or similar comp
- Cash tips or equivalent
- Payments for vacation, parental, family, medical or sick leave
- Allowance for dismissal or separation
- Group health care benefits - incl insurance premiums
- Retirement benefits payments
- State or local tax assessments on employees

**Payroll Expenses NOT Allowed for PPP Loan Forgiveness**
- FICA
- Federal Tax Withholding
- Qualified sick and family leave where a credit is allowed under FFCRA

*NOTE: The Family First Coronavirus Act (FFCRA) already provide credits and relief for this items*