

Common Problems with Loan Forgiveness Applications
July 15, 2020

1. The business name on the forgiveness application should match the PPP loan application.
2. Incorrect SBA and/or Bank Loan Numbers – your SBA and Bank loan numbers must be provided and can be found on your executed PPP Closing Documents.
3. Double check that your Tax ID number is correct and is the same as your loan application.
4. The Loan Disbursement Date is the date you received the funds from the bank.
5. The first date of your Covered Period MUST be the same as your disbursement date.
6. Even if you file early, the Covered Period MUST be either 8 or 24 weeks. For 8 weeks, add 55 days to your disbursement date. For 24 weeks, add 167 days.
7. Even if you file early, the Alternative Payroll Covered Period must also be either 8 or 24 weeks.
8. The maximum amount that can be included in cash compensation per employee:
 - \$15,385 for 8-week Covered Period (8 weeks of \$100,000 annualized)
 - \$46,154 for 24-week Covered Period (24 weeks of \$100,000 annualized)
9. The maximum amount that can be included in payroll costs per owner-employee or self-employed:
 - \$15,385 for 8-week Covered Period (8 weeks of \$100,000 annualized)
 - \$20,833 for 24-week Covered Period (2.5 months of \$100,000 annualized)
10. Schedule C filers are capped by the amount of their “owner compensation replacement” calculated based on 2019 net profit (line 31). Schedule C should be provided as part of your supporting documentation to the loan forgiveness application.
11. For Schedule C filers, health insurance and retirement benefits may not be included.
12. For S-Corps, health insurance benefits for owners may not be included.
13. Only State and Local employer-paid taxes, such as state unemployment taxes, can be included.
14. Employers cannot include 1099 employees as part of payroll costs in the forgiveness calculation.
15. For all nonpayroll costs, you must include documents that verify that the obligation was in existence prior to Feb 15, 2020. This could include utility invoices, lease documents, bank statements or mortgage statements dated prior to February 15th.
16. If your loan forgiveness is less than 100%, you may be eligible for additional loan forgiveness by extending the Covered Period to 24 weeks. (You may file early once the funds have been used).
17. It is strongly encouraged that borrowers provide supporting spreadsheets which reconcile all categories of costs. Processing could be delayed if the bank has difficulty finding and comparing amounts in the documentation to the costs submitted in the application.