

# The Paycheck Protection Program Lives On

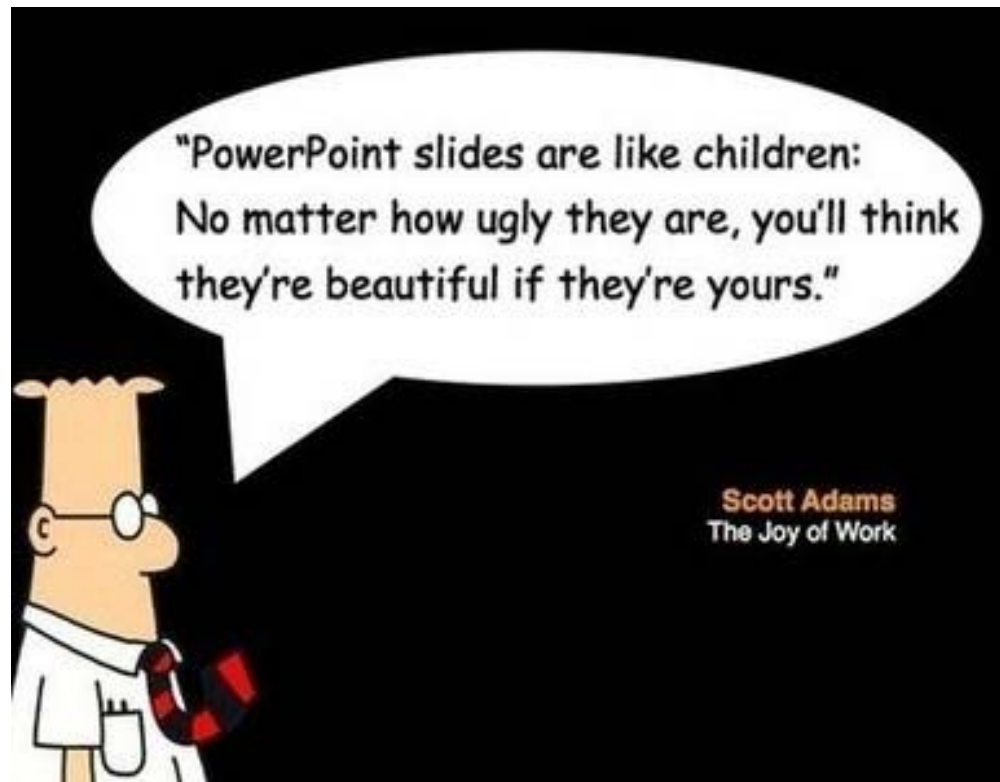


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# Introduction



- **Carlin Culbertson, CPA**

- Vice President, Assurance Services
- Background in manufacturing and construction
- Over 15 years in public accounting, all with Meaden & Moore, Ltd.

- **David Knuff, CPA, CMI**

- Senior Manager, State and Local Tax Services
- Background in state and local taxation in a variety of industries
- Over 15 years in public accounting

# Overview



Updates in August



Legislative Updates



Be Prepared



What to Expect



Accounting/Tax Considerations

# (More) Updates in August



- 25 interim rules (some of them have been updated/reissued so really more than that)
  - Last one issued on 8/24/2020 – 2 weeks AFTER the SBA said they were ready to take applications
- 2 FAQs
  - One with 51 questions updated last on 8/11/2020
  - The other with 26 questions updated last on 8/11/2020
- 9 different lender documents
  - Rules on processing applications didn't come out until July 23, 2020 and banks still had some questions
- Key Items from Updates
  - Related party leases and rent limitations
  - Transportation utility costs clarification
  - Vision and dental count as health care costs



## Legislative...Still Waiting

- Automatic Forgiveness
  - Loans \$150,000 and under
  - Introduced in the Senate on June 30, 2020
    - Cosponsored by 30 senators – bipartisan
    - Endorsed by over 200 trade groups and associations
  - One of the main hold ups for banks right now
  - Concerns about providing “bad actors” with forgiveness – fraud so far
  - Taken a back seat to stimulus bills

# Legislative...Still Waiting

- Another round of PPP?
  - Latest Senate Bill allocates \$250 billion to another round of PPP Loans
    - Less than 300 employees
    - 35% drop in revenue in at least one quarter of 2020 vs. same period in 2019
    - Needs to get out of the Senate first – then through the House
- Tax impact of forgiveness
  - Congress has stated they would address
  - House stimulus bill included a fix for this
  - Senate introduced a bill in early May but has gone nowhere
  - Should you wait to apply until there is clarity?



**TAX  
DEDUCTIONS**

# Get Ready to Apply



- Get started
  - Use a template as a starting point
  - Helps organize information
  - Will likely answer some of your questions
  - <https://www.meadenmoore.com/offers/ppp-resources>
- Have someone review your documentation
  - Does it make sense and flow?
  - Is it easy to follow?
  - Was something included that shouldn't be?
  - Are you missing anything?
  - Save you time and hassle once you submit to the bank and eventually the SBA

# What to Expect

- Most are targeting end of September – some smaller banks already taking applications
  - Blanket forgiveness issue
  - Rush to apply before end of the year
- Each bank's process will likely be different
  - Web portal issues
  - Make it easy for them
    - Be prepared
    - Easy to follow
  - **BEWARE OF PHISHING SCAMS**
- Banks required to review – have 60 days
  - Feedback from bankers is that they expect to be very thorough in their reviews
- SBA has 90 days
  - Has up to 6 years to audit also
  - Will definitely audit loans \$2 million and higher







# Accounting and Tax Considerations

- Timing of forgiveness – 2020 or 2021?
  - Recognize in your accounting records
    - US GAAP - Debt forgiveness rules?
    - IAS 20 - Government grant rules?
  - Impact on covenants, other ratios
- Potential tax bill
  - 2020 tax return or 2021 tax return?
  - Example - forgiveness is \$500,000?
    - 20% rate - \$100,000 in taxes





## The End is Near

- One day you will be able to file and your application will be processed and finalized
- Then we can focus our time on what matters – like using data analytics to predict who is going to win The Bachelor
  - Spoiler alert – we're all winners

# Questions?

