

Q&A: Tips & Advice for Businesses During COVID-19 Webinar

General Loan Questions

Q. What about for businesses with offshore personal or rent? Can loan proceeds be used to support offshore payroll as well?

A. As this is a US program, only payroll in the US can be supported by the loan.

Q. Can you apply for both loans?

A. Yes, you can apply for both. You just have to use the loans for different purposes.

Q. Can a company be eligible for the loans or tax benefit if it is a new company — either recently formed or in the process of being formed now?

A. Lower probability of success unless you have 2019 operations and payroll, as that is part of the application.

Paychecks Protection Program

Q. My average monthly payroll from 2019 is less than or more than my average monthly payroll in 2020, how will that affect the loan amount granted to me?

A. You can do a 12-month lookback from the time of the loan

Q. Is it possible to capture non-payroll compensation within PPP application, like member draws which are the equivalent to “salary”?

A. We don't think that would be able to be included, and they will likely limit your ability to do owner draws if you do this... depends on the amount of owner draw comp you are doing. More details will be released over the next few days!

Q. Can payroll include contractors? What about international contractors?

A. Any domestic 1099 contractor has the ability to apply for a PPP loan on their own and therefore cannot be included. Unfortunately, international contractors also cannot be included in payroll.

Q. How is the 2.5 times the average monthly payroll calculated? Based on what dates?

A. This calculation includes 2.5 times average total monthly payments for payroll incurred during the one-year period before the date of the loan.

Q. If we decide to furlough employees for 1 month can this impact the PPP loan?

A. No, you can undo the furlough if you get the loan.

Q. What if our startup has already laid off the majority of our employees? Can we still apply for the PPP?

A. Yes, you can still apply for the PPP

Q. Should sales commissions be included in the calculation?

A. If it was paid out through a W2 then yes!

Q. Is it permissible to rehire people to do nothing if I can't have them come in due to a shelter in place order? I'm in manufacturing.

A. The PPL program is actually designed to do just that, pay payroll even if they are not working.

Q. Does applying (the act itself) to the EIDL hurt your ability to apply for the PPP at a later time (i.e. Banks won't grant PPP because already have applied for the EIDL)?

A. No, however, they may have you pay your EIDL off with your PPL funds.

Q. Can you clarify what, if anything, is different for a 501c3 org? Specifically, if we were spun off from a parent company.

A. It is different but there is still a huge potential benefit for 501c3s!

<https://insidecharity.org/2020/03/28/cares-act-for-nonprofits/>

Q. When we apply for the PPP loan how long do we have to submit the documents they require?

A. The application documents need to be submitted as a part of the application.

Q. Can you reduce salaries by 20% and it not affect my PPP repayment?

A. Employees making greater than \$100K can have their salary reduced by more than 25%, down to \$100K. So an employee making \$150K could be reduced to \$100K without triggering that 25% criteria.

Economic Disaster Injury Loan

Q. I've seen that applicants must show the ability to repay the EIDL – how does this work for unprofitable businesses (aka - startups)?

A. The initial application does not ask for this at all so we recommend you just get your application in. Future application follow-up will happen and you can discuss this with your accountant or banker when those questions come in.

Banking Questions

Q. Since the PPP loan application process goes through banks, is there a specific bank I should use or just the one we normally use?

A. Yes, reach out to them! And if they don't have a process yet I would not panic... they will have this figured out within the next few days!

Q. Any advice on what to do if our banks are not being proactive? My bank seems to be more behind on this than even I am as an individual business owner.

A. Try to ping them this weekend if they aren't proactive and they will have way more information for you by then! Almost all banks are expanding hours dramatically right now.

Q. First Republic isn't going to be ready until next week at the earliest and I want to make sure the money isn't gone.

A. Most banks won't be ready until next week so I wouldn't panic, and FRB will definitely be on top of this probably better than many other commercial banks.

Tax Relief Questions

Q. On the deferral of the payroll tax payments- will our payroll providers (ADP, Gusto Etc) automatically defer that for us or do we have to work with them?

A. Likely that payroll software will build this in! But we'd recommend you email the support people there to double check what they are planning to do there.