

## Documentation Needed for PPP Loan Forgiveness

### Documentation That Can Be Compiled Now

1. **FTE:** Documentation showing hours paid for each employee to determine (Period chosen at the election of the borrower):
  - a. Average number of FTE employees between February 15, 2019 and June 30, 2019;
  - b. Average number of FTE employees between January 1, 2020 and February 29, 2020; OR
  - c. **For seasonal employer**, average number of FTE employees between February 15, 2019 and June 30, 2019; between January 1, 2020 and February 29, 2020; or any consecutive 12-week period between May 1, 2019 and September 15, 2019.
  - d. Documents for A through C above may include 1) payroll tax filings reported or will be reported to the IRS, 2) state quarterly business and individual employee wage reporting and unemployment insurance tax filings report or will be reported to the relevant state, and 3) payroll reports from payroll systems.

**NOTE:** In determining the average FTEs, ensure that reports include actual hours paid for each employee during the weeks in question. (For example: For the week of February 15, 2019, the report should show the actual number of hours paid for each employee for that week.)

2. **Nonpayroll Costs:** Documentation verifying existence of the services prior to February 15, 2020:
  - a. Business mortgage interest payments – lender account statements from February 2020
  - b. Business rent or lease payments – copy of lease agreement and/or lessor account statements from February 2020
  - c. Business utility payments – copy of invoices, cancelled checks, or account statements from February 2020

### Documentation To Compile For Covered Period

1. **Payroll:** Documentation verifying the eligible cash compensation and non-cash benefit payments during the Covered Period. Documentation consists of the following:
  - a. Bank account statements or 3<sup>rd</sup> party payroll service provider reports that document the amount of cash compensation paid to employees.
  - b. Tax forms (or equivalent 3<sup>rd</sup> party payroll service provider reports) that overlap with the Covered Period.
    - i. Payroll tax filings reported or will be reported to the IRS (typically Form 941); and
    - ii. State quarterly business and individual employee wage reporting and unemployment insurance tax filings reported or will be reported to the relevant state.
  - c. Health insurance and retirement plan contributions - payment receipts, cancelled checks, or account statements that document the amount of any employer contributions to employee health insurance and retirement plans.

2. **FTE:** Documentation showing hours paid to determine:
  - a. Average number of FTE employees during the Covered Period (see note above on determining average FTEs).
3. **Nonpayroll Costs:** Documentation verifying eligible payments during the Covered Period:
  - a. Business mortgage interest payments – copy of lender amortization schedule and receipts or cancelled checks.
  - b. Business rent or lease payments – copy of current lease agreement and receipts or cancelled checks; lessor account statements from the Covered Period through one month after the end of the Covered Period.
  - c. Business utility payments – copies of invoices, cancelled checks, or account statements from Covered Period.

### Documentation To Maintain but is Not Required to Submit

1. PPP Schedule A Worksheet or its equivalent and the following:
  - a. Documentation supporting the listing of each individual employee in PPP Schedule A Worksheet Table 1 (employees with wages less than \$100k annually), including the “Salary/Hourly Wage Reduction” calculation. Includes wage information for following time periods:
    - i. Covered Period
    - ii. January 1, 2020 through March 30, 2020
    - iii. February 15, 2020 through April 26, 2020
    - iv. Wages as of June 30, 2020
  - b. Documentation supporting the listing of each individual employee in PPP Schedule A Worksheet Table 2; specifically, that each listed employee received compensation during any single pay period in 2019 at an annualized rate of more than \$100k. Includes wage information for the following time periods:
    - i. Covered Period
    - ii. January 1, 2019 through December 31, 2019
  - c. Documentation regarding any employee job offers and refusals, firings for cause, voluntary resignations, and written requests by any employee for reductions in work schedule.
  - d. Documentation supporting the PPP Schedule A Worksheet “FTE Reduction Safe Harbor.” Documentation should include hours paid for each employee in determining:
    - i. Average number of FTE employees for February 15, 2020 through April 26, 2020
    - ii. Number of FTE employees as of June 30, 2020

**NOTE:** All records relating to the Borrower’s PPP loan, including documentation submitted with its PPP loan application, documentation supporting the Borrower’s certifications as to the necessity of the loan request and its eligibility for a PPP loan, documentation necessary to support the Borrower’s loan forgiveness application, and documentation demonstrating the Borrower’s material compliance with PPP requirements. The Borrower must retain all such documentation in its files for six years after the date the loan is forgiven or repaid in full, and permit authorized representatives of SBA, including representatives of its Office of Inspector General, to access such files upon request.

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