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Insights



## Drum roll, please ... the PPP Loan Forgiveness Application!

**Breaking News** – The American Institute of Certified Public Accountants announced earlier this afternoon that the Department of the Treasury would issue guidance no later than Friday, May 22, 2020, answering 25 or more frequently asked questions about loan forgiveness. The information in this article likely will change as a result of those answers. Additionally, bi-partisan, bi-cameral legislation is making its way through Congress and may have a major impact on forgiveness calculations.

We will provide additional guidance and **host a webinar on forgiveness next week**. We will send a link to register via email.

Late Friday, May 15, 2020, the Small Business Administration released a Loan Forgiveness Application (Application) for Paycheck Protection Program (PPP) loans. After testimony by Treasury Secretary Steven Mnuchin at a Tuesday, May 19, 2020, hearing of the Senate Banking, Housing, and Urban Affairs Committee, the Application may be the final word on forgiveness. In response to questions from Sen. Kyrsten Sinema, D-Ariz., Mnuchin said, "I thought the guidance we put out dealt with all the issues." As a result, borrowers need to make the most of guidance they can glean from the Application.

This article focuses on the partial resolution by the Application of four unrelenting questions borrowers have faced.

1. What does "costs incurred and payments made during the covered period" mean?
2. How is a full-time equivalent (FTE) employee calculated?
3. Is it true if a business restores salaries and wages and FTEs as of June 30, there will be no decrease in forgiveness related to a reduction of these amounts?
4. To what amount does the 75/25% limitation apply?

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