



## Disclaimer

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## PPP Loan Forgiveness Application

- To apply for forgiveness of your Paycheck Protection Program (PPP) loan, you (the Borrower) must complete this application as directed in these instructions, and **submit it to your Lender** (or the Lender that is servicing your loan). Borrowers may also complete this application electronically through their Lender.
- This application has the following components: (1) the PPP Loan Forgiveness Calculation Form; (2) PPP Schedule A; (3) the PPP Schedule A Worksheet; and (4) the (optional) PPP Borrower Demographic Information Form. All Borrowers must submit (1) and (2) to their Lender.

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Paycheck Protection Program Loan Forgiveness Application		OMB Control Number 3246-0487 Expiration Date: 10/31/2020
<b>PPP Loan Forgiveness Calculation Form</b>		
Business Legal Name ("Borrower")		SBA or Trademark, if applicable
Business Address	Business TIN (EIN, SSN)	Business Phone
	Primary Contact	E-mail Address
SBA PPP Loan Number: _____ Lender PPP Loan Number: _____		
PPP Loan Amount: _____ PPP Loan Disbursement Date: _____		
Employees at Time of Loan Application: _____		
Employees at Time of Forgiveness Application: _____		
EIDL Advance Amount: _____ EIDL Application Number: _____		
Payroll Schedule: The frequency with which payroll is paid to employees is:		
<input type="checkbox"/> Weekly <input type="checkbox"/> Biweekly (every other week) <input type="checkbox"/> Twice a month <input type="checkbox"/> Monthly <input type="checkbox"/> Other _____		
Covered Period: _____ to _____		
Alternative Payroll Covered Period, if applicable: _____ to _____		
If Borrower (together with affiliates, if applicable) received PPP loans in excess of \$2 million, check here: <input type="checkbox"/>		
Forgiveness Amount Calculation:		
<b>Payroll and Nonpayroll Costs</b>		
Line 1. Payroll Costs (enter the amount from PPP Schedule A, line 10): _____		
Line 2. Business Mortgage Interest Payments: _____		
Line 3. Business Rent or Lease Payments: _____		
Line 4. Business Utility Payments: _____		
<b>Adjustments for Full-Time Equivalency (FTE) and Salary/Hourly Wage Reductions</b>		
Line 5. Total Salary/Hourly Wage Reduction (enter the amount from PPP Schedule A, line 3): _____		
Line 6. Add the amounts on lines 1, 2, 3, and 4, then subtract the amount entered in line 5: _____		
Line 7. FTE Reduction Quotient (enter the number from PPP Schedule A, line 13): _____		
<b>Potential Forgiveness Amount</b>		
Line 8. Modified Total (multiply line 6 by line 7): _____		
Line 9. PPP Loan Amount: _____		
Line 10. Payroll Cost 75% Requirement (divide line 1 by 0.75): _____		
<b>Forgiveness Amount</b>		
Line 11. Forgiveness Amount (enter the smallest of lines 8, 9, and 10): _____		

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SBA Form 3108 (05/20)

## Significant Items in the Application Instructions

- **Covered Period:** Enter the eight-week (56-day) Covered Period of your PPP loan. The first day of the Covered Period must be the same as the PPP Loan Disbursement Date. For example, if the Borrower received its PPP loan proceeds on Monday, April 20, the first day of the Covered Period is April 20 and the last day of the Covered Period is Sunday, June 14.
- **Alternative Payroll Covered Period:** For administrative convenience, **Borrowers with a biweekly (or more frequent) payroll schedule may elect to calculate eligible payroll costs using the eight-week (56-day) period that begins on the first day of their first pay period following their PPP Loan Disbursement Date (the "Alternative Payroll Covered Period").** For example, if the Borrower received its PPP loan proceeds on Monday, April 20, and the first day of its first pay period following its PPP loan disbursement is Sunday, April 26, the first day of the Alternative Payroll Covered Period is April 26 and the last day of the Alternative Payroll Covered Period is Saturday, June 20. Borrowers who elect to use the Alternative Payroll Covered Period must apply the Alternative Payroll Covered Period wherever there is a reference in this application to "the Covered Period or the Alternative Payroll Covered Period." However, Borrowers must apply the Covered Period (not the Alternative Payroll Covered Period) wherever there is a reference in this application to "the Covered Period" only
- **If Borrower Received PPP Loans in Excess of \$2 Million:** Check the box if the Borrower, together with its affiliates (to the extent required under SBA's interim final rule on affiliates (85 FR 20817 (April 15, 2020)) and not waived under 15 U.S.C. 636(a)(36)(D)(iv)), received PPP loans with an original principal amount in excess of \$2 million.

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## Payroll Costs

- **Line 1:** Enter total eligible payroll costs incurred **or** paid during the Covered Period or the Alternative Payroll Covered Period. To calculate these costs, complete PPP Schedule A. Enter the amount from PPP Schedule A, line 10.
- **Eligible payroll costs.** Borrowers are generally eligible for forgiveness for the payroll costs paid **and** payroll costs incurred during the eight-week (56-day) Covered Period (or Alternative Payroll Covered Period) ("payroll costs"). Payroll costs are considered paid on the day that paychecks are distributed or the Borrower originates an ACH credit transaction. **Payroll costs are considered incurred on the day that the employee's pay is earned. Payroll costs incurred but not paid during the Borrower's last pay period of the Covered Period (or Alternative Payroll Covered Period) are eligible for forgiveness if paid on or before the next regular payroll date.** Otherwise, payroll costs must be paid during the Covered Period (or Alternative Payroll Covered Period). For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the covered period. **Count payroll costs that were both paid and incurred only once.** For information on what qualifies as payroll costs, see Interim Final Rule on Paycheck Protection Program posted on April 2, 2020 (85 FR 20811).
- **Cash Compensation:** Enter the sum of gross salary, gross wages, gross tips, gross commissions, **paid leave (vacation, family, medical or sick leave, not including leave covered by the Families First Coronavirus Response Act), and allowances for dismissal or separation paid or incurred during the Covered Period or the Alternative Payroll Covered Period.** For each individual employee, the total amount of cash compensation eligible for forgiveness may not exceed an annual salary of \$100,000, as prorated for the Covered Period; therefore, do not enter more than \$15,385 in Table 1 or Table 2 for any individual employee.

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## Non-Payroll Costs

- **Eligible nonpayroll costs.** Nonpayroll costs eligible for forgiveness consist of:
  - (a) covered mortgage obligations: payments of interest (not including any prepayment or payment of principal) on any business mortgage obligation on real or personal property incurred before February 15, 2020 ("business mortgage interest payments");
  - (b) covered rent obligations: business rent or lease payments pursuant to lease agreements for real or personal property in force before February 15, 2020 ("business rent or lease payments"); and
  - (c) covered utility payments: business payments for a service for the distribution of electricity, gas, water, transportation, telephone, or internet access for which service began before February 15, 2020 ("business utility payments").
- An eligible nonpayroll cost **must be paid during the Covered Period or incurred during the Covered Period and paid on or before the next regular billing date**, even if the billing date is after the Covered Period. Eligible nonpayroll costs cannot exceed 25% of the total forgiveness amount. Count nonpayroll costs that were both paid and incurred only once.
- **Line 6:** Enter the total amount paid by the Borrower for employer contributions for employee health insurance, **including employer contributions to a self-insured, employer-sponsored group health plan**, but excluding any pre-tax or after tax contributions by employees.
- **Line 7:** Enter the total amount paid by the Borrower for employer contributions to employee retirement plans, excluding any pre-tax or after-tax contributions by employees.
- **Line 8:** Enter the total amount paid by the Borrower for employer state and local taxes assessed on employee compensation (e.g., **state unemployment insurance tax**); do not list any taxes withheld from employee earnings.
- **Line 9:** Enter any amounts paid to owners (owner-employees, a self-employed individual, or general partners). **This amount is capped at \$15,385 (the eight-week equivalent of \$100,000 per year) for each individual or the eight-week equivalent of their applicable compensation in 2019, whichever is lower.** See Interim Final Rule on Additional Eligibility Criteria and Requirements for Certain Pledges of Loans posted on April 14, 2020 for more information (85 FR 21747, 21749).

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## Ordering of Reduction Calculations

- Line 5:** Enter the number from PPP Schedule A, line 3. This amount reflects the loan forgiveness reduction required for salary/hourly wage reductions in excess of 25% for certain employees as described in PPP Schedule A.
- Line 6:** Add lines 1 through 4 (payroll & nonpayroll costs), subtract line 5 (salary/hourly wage reduction), enter the total. If this amount is less than zero, enter a zero.
- Line 7:** Enter the number from PPP Schedule A, line 13. (FTE Reduction Quotient)
- Line 8:** Enter the amount on line 6 multiplied by the amount on line 7. This calculation incorporates the loan forgiveness reduction required for any full-time equivalency (FTE) employee reductions as described in PPP Schedule A.
- Line 9:** Enter the PPP Loan Amount.
- Line 10:** Divide the amount on line 1 (payroll costs) by 0.75, and enter the amount. This determines whether at least 75% of the potential forgiveness amount was used for payroll costs. For more information, see Interim Final Rule on Paycheck Protection Program posted on April 2, 2020 (85 FR 20811).
- Line 11:** Enter the smallest of lines 8, 9, or 10. Note: If applicable, SBA will deduct EIDL Advance Amounts from the forgiveness amount remitted to the Lender.

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Paycheck Protection Program Loan Forgiveness Application		OMB Control Number 3245-0487 Expiration Date: 10/31/2020
<b>PPP Schedule A</b>		
<u>PPP Schedule A Worksheet, Table 1 Totals:</u>		
Line 1. Enter Cash Compensation (Box 1) from PPP Schedule A Worksheet, Table 1:		
Line 2. Enter Average FTE (Box 2) from PPP Schedule A Worksheet, Table 1:		
Line 3. Enter Salary/Hourly Wage Reduction (Box 3) from PPP Schedule A Worksheet, Table 1: If the average annual salary or hourly wage for each employee listed on the PPP Schedule A Worksheet, Table 1 during the Covered Period or the Alternative Payroll Covered Period was at least 75% of such employee's average annual salary or hourly wage between January 1, 2020 and March 31, 2020, check here <input type="checkbox"/> and enter 0 on line 3.		
<u>PPP Schedule A Worksheet, Table 2 Totals:</u>		
Line 4. Enter Cash Compensation (Box 4) from PPP Schedule A Worksheet, Table 2:		
Line 5. Enter Average FTE (Box 5) from PPP Schedule A Worksheet, Table 2:		
<u>Non-Cash Compensation Payroll Costs During the Covered Period or the Alternative Payroll Covered Period</u>		
Line 6. Total amount paid by Borrower for employer contributions for employee health insurance:		
Line 7. Total amount paid by Borrower for employer contributions to employee retirement plans:		
Line 8. Total amount paid by Borrower for employer state and local taxes assessed on employee compensation:		
<u>Compensation to Owners</u>		
Line 9. Total amount paid to owner-employees/self-employed individual/general partners: This amount may not be included in PPP Schedule A Worksheet, Table 1 or 2. If there is more than one individual included, attach a separate table that lists the names of and payments to each.		
<u>Total Payroll Costs</u>		
Line 10. Payroll Costs (add lines 1, 4, 6, 7, 8, and 9):		
<u>Full-Time Equivalency (FTE) Reduction Calculation</u> If you have not reduced the number of employees or the average paid hours of your employees between January 1, 2020 and the end of the Covered Period, check here <input type="checkbox"/> , skip lines 11 and 12 and enter 1.0 on line 13.		
Line 11. Average FTE during the Borrower's chosen reference period:		
Line 12. Total Average FTE (add lines 2 and 5):		
Line 13. FTE Reduction Quotient (divide line 12 by line 11) or enter 1.0 if FTE Safe Harbor is met:		

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## FTE Calculation

- **Average FTE:** This calculates the average full-time equivalency (FTE) during the Covered Period or the Alternative Payroll Covered Period. For each employee, enter the average number of hours paid per week, **divide by 40, and round the total to the nearest tenth**. The maximum for each employee is capped at 1.0. **A simplified method that assigns a 1.0 for employees who work 40 hours or more per week and 0.5 for employees who work fewer hours may be used at the election of the Borrower.**
- This calculation will be used to determine whether the Borrower's loan forgiveness amount must be reduced due to a statutory requirement concerning reductions in full-time equivalent employees. Borrowers are eligible for loan forgiveness for certain expenditures during the Covered Period or the Alternative Payroll Covered Period. However, the actual loan forgiveness amount that the Borrower will receive may be less, depending on whether the Borrower's average weekly number of FTE employees during the Covered Period or the Alternative Payroll Covered Period was less than during the Borrower's chosen reference period (see Instructions to PPP Schedule A, Line 11). **The Borrower is exempt from such a reduction if the FTE Reduction Safe Harbor applies. See the FTE Reduction Safe Harbor instructions below.**
- **FTE Reduction Exceptions:** Indicate the FTE of (1) any positions for which the Borrower made a good-faith, written offer to rehire an employee during the Covered Period or the Alternative Payroll Covered Period which was rejected by the employee; and (2) any employees who during the Covered Period or the Alternative Payroll Covered Period (a) were fired for cause, (b) voluntarily resigned, or (c) voluntarily requested and received a reduction of their hours. In all of these cases, include these FTEs on this line only if the position was not filled by a new employee. Any FTE reductions in these cases do not reduce the Borrower's loan forgiveness.
- **FTE Reduction Safe Harbor**
- A safe harbor under applicable law and regulation exempts certain borrowers from the loan forgiveness reduction based on FTE employee levels. Specifically, the Borrower is exempt from the reduction in loan forgiveness based on FTE employees described above if both of the following conditions are met: (1) the Borrower reduced its FTE employee levels in the period beginning February 15, 2020, and ending April 26, 2020; and (2) the Borrower then restored its FTE employee levels by not later than June 30, 2020 to its FTE employee levels in the Borrower's pay period that included February 15, 2020.



- Step 1. Determine if pay was reduced more than 25%.
  - a. Enter **average annual salary** or hourly wage during Covered Period or Alternative Payroll Covered Period: \_\_\_\_\_.
  - b. Enter **average annual salary or hourly wage between January 1, 2020 and March 31, 2020**: \_\_\_\_\_.
  - c. Divide the value entered in 1.a. by 1.b.: \_\_\_\_\_.

If 1.c. is 0.75 or more, enter zero in the column above box 3 for that employee; otherwise proceed to Step 2.
- Step 2. **Determine if the Salary/Hourly Wage Reduction Safe Harbor is met.**
  - a. Enter the **annual salary or hourly wage as of February 15, 2020**: \_\_\_\_\_.
  - b. Enter the **average annual salary or hourly wage between February 15, 2020 and April 26, 2020**: \_\_\_\_\_.

If 2.b. is equal to or greater than 2.a., skip to Step 3. Otherwise, proceed to 2.c.

  - c. Enter the **average annual salary or hourly wage as of June 30, 2020**: \_\_\_\_\_.

**If 2.c. is equal to or greater than 2.a., the Salary/Hourly Wage Reduction Safe Harbor has been met – enter zero in the column above box 3 for that employee. Otherwise proceed to Step 3.**
- Step 3. Determine the Salary/Hourly Wage Reduction.
  - a. Multiply the amount entered in 1.b. by 0.75: \_\_\_\_\_.
  - b. Subtract the amount entered in 1.a. from 3.a.: \_\_\_\_\_.

If the employee is an **hourly worker**, compute the total dollar amount of the reduction that exceeds 25% as follows:

  - c. Enter the average number of hours worked per week between January 1, 2020 and March 31, 2020: \_\_\_\_\_.
  - d. Multiply the amount entered in 3.b. by the amount entered in 3.c. \_\_\_\_\_.

Enter this value in the column above box 3 for that employee.

If the employee is a **salaried worker**, compute the total dollar amount of the reduction that exceeds 25% as follows:

  - e. Multiply the amount entered in 3.b. by 8: \_\_\_\_\_.
  - Divide this amount by 52: \_\_\_\_\_.

Enter this value in the column above box 3 for that employee.

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## Documentation

**Payroll:** Documentation verifying the eligible cash compensation and non-cash benefit payments from the Covered Period or the Alternative Payroll Covered Period consisting of each of the following:

- a. **Bank account statements or third-party payroll service provider reports documenting the amount of cash compensation paid to employees.**
- b. **Tax forms** (or equivalent third-party payroll service provider reports) for the periods that overlap with the Covered Period or the Alternative Payroll Covered Period:
  - i. **Payroll tax filings** reported, or that 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 that will be reported, to the relevant state.
- c. **Payment receipts, cancelled checks, or account statements documenting the amount of any employer contributions to employee health insurance and retirement plans that the Borrower included in the forgiveness amount (PPP Schedule A, lines (6) and (7)).**

**FTE:** Documentation showing (at the election of the Borrower):

- a. the average number of FTE employees on payroll per month employed by the Borrower between February 15, 2019 and June 30, 2019;
- b. the average number of FTE employees on payroll per month employed by the Borrower between January 1, 2020 and February 29, 2020; or
- c. in the case of a seasonal employer, the average number of FTE employees on payroll per month employed by the Borrower between February 15, 2019 and June 30, 2019; between January 1, 2020 and February 29, 2020; or any consecutive twelve-week period between May 1, 2019 and September 15, 2019.

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**Nonpayroll:** Documentation verifying existence of the obligations/services prior to February 15, 2020 and eligible payments from the Covered Period.

- a. Business mortgage interest payments: Copy of lender amortization schedule and receipts or cancelled checks verifying eligible payments from the Covered Period; or lender account statements from February 2020 and the months of the Covered Period through one month after the end of the Covered Period verifying interest amounts and eligible payments.
- b. Business rent or lease payments: Copy of current lease agreement and receipts or cancelled checks verifying eligible payments from the Covered Period; or lessor account statements from February 2020 and from the Covered Period through one month after the end of the Covered Period verifying eligible payments.
- c. Business utility payments: Copy of invoices from February 2020 and those paid during the Covered Period and receipts, cancelled checks, or account statements verifying those eligible payments.

**Documents that Each Borrower Must Maintain but is Not Required to Submit**

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, including the “Salary/Hourly Wage Reduction” calculation, if necessary.
- b. Documentation supporting the listing of each individual employee in PPP Schedule A Worksheet Table 2; specifically, that each listed employee received during any single pay period in 2019 compensation at an annualized rate of more than \$100,000.
- 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.”

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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# Thank you

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